

**MINUTES OF THE REGULAR MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

January 26, 2010

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York.

Members of the Board present were:

Michael J. Townsend, Chairman
Jonathan F. Foster, Vice Chairman
D. Patrick Curley, Trustee
Elise M. Cusack, Trustee
Eugene L. Nicandri, Trustee

Richard M. Kessel	President and Chief Executive Officer
Gil C. Quiniones	Chief Operating Officer
Terryl Brown	Executive Vice President and General Counsel
Elizabeth McCarthy	Executive Vice President and Chief Financial Officer
Edward A. Welz	Executive Vice President and Chief Engineer – Power Supply
Bert J. Cunningham	Senior Vice President – Corporate Communications
Steve DeCarlo	Senior Vice President – Transmission
Angelo Esposito	Senior Vice President – Energy Services and Technology
Paul Finnegan	Senior Vice President – Public, Governmental and Regulatory Affairs
William Nadeau	Senior Vice President – Energy Resource Management
James F. Pasquale	Senior Vice President – Marketing and Economic Development
Donald A. Russak	Senior Vice President – Corporate Planning and Finance
Joan Tursi	Senior Vice President – Enterprise Shared Services
Paul Belnick	Vice President – Project Development and Management
John L. Canale	Vice President – Project Management
Thomas DeJesu	Vice President – Public and Governmental Affairs, SENY
John Kahabka	Vice President – Environment, Health and Safety
Lesly Pardo	Vice President – Internal Audit
Francis Ryan	Vice President – Emergency Management
Dennis Eccleston	Chief Information Officer
Richard Hackman	Chief Technology Development Officer
Francine Evans	Chief of Staff – President’s Office
Victoria Simon	Chief of Staff and Director of Energy Policy
Karen Delince	Corporate Secretary
Thomas Concadoro	Director – Accounting
Michael Huvane	Director – Business Muni and Coop Marketing and Economic Development
Michael Saltzman	Director – Media Relations
Brian Ross	Senior Project Manager – Special Projects and Business Integration
Mary Cahill	Program Evaluation Manager – Energy Services and Technology
Angela D. Graves	Deputy Corporate Secretary
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Timothy Muldoon	Marketing Representative – Business Power Allocation, Compliance and Muni and Coop Marketing
Steve Shoenholz	Public Affairs Consultant
Michael Solomon	Managing Director – Janney Montgomery Scott LLC

Chairman Townsend presided over the meeting. Corporate Secretary Delince kept the Minutes.

1. Consent Agenda

Chairman Michael Townsend said that the Economic Development Power Allocation Board had recommended that the Authority's Trustees approve items 1b (Power for Jobs Program – Extended Benefits) and 1c (Industrial Incentive Award Approvals) at their meeting earlier in the day.

a. Approval of the Minutes

The Minutes of the Regular Meeting held on December 15, 2009 were unanimously adopted.

b. Power for Jobs Program – Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve electricity savings reimbursement rebates for 46 Power for Jobs (‘PFJ’) customers as listed in Exhibit ‘1b-A.’ This request is to approve rebate dollars only. The Trustees have approved extended benefit payments at previous Trustees’ meetings. These rebates are calculated for historical periods only. These customers have been recommended to receive such rebates by the Economic Development Power Allocation Board (‘EDPAB’). In addition, the Trustees are requested to approve payment for PFJ Restitution to the 9 companies listed in Exhibit ‘1b-B-1.’ These companies have been evaluated for Restitution and are due payments.

BACKGROUND

“In July 1997, the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants received three-year contracts for PFJ electricity.

“The PFJ program originally made 400 megawatts (‘MW’) of power available and was to be phased in over three years. As a result of the initial success of the program, the Legislature amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW. In May 2000, legislation was enacted that authorized additional power to be allocated under the program. Legislation further amended the program in July 2002.

“Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an ‘electricity savings reimbursement’ rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

“PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. Customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

“Approved contract extensions entitled customers to receive power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

“In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009. Chapter 217 of the Laws of 2009 included provisions extending the program benefits until May 15, 2010.

“At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

“PFJ Restitution was created by Chapter 645 of the Laws of 2006 that extended the PFJ program for six months to June 2007; the law states: ‘for the period beginning January first, two thousand six, for recipients who choose to elect a contract extension, and whose unit cost of electricity under the contract extension exceeds the unit cost of electricity of the electric corporation which holds a franchise for electric services in the location of the recipient’s facility, the power authority shall reimburse the recipient for all dollars paid in excess of the unit cost of

electricity of the electric corporation which holds a franchise for electricity services in the location of the recipient's facility.'

DISCUSSION

"At its meeting on January 26, 2010, EDPAB recommended that the Authority's Trustees approve electricity savings reimbursement rebates to the 46 businesses listed in Exhibit '1b-A.' Collectively, these organizations have agreed to retain more than 27,000 jobs in New York State in exchange for the rebates. The rebate program will be in effect until May 15, 2010, the program's sunset.

"The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit '1b-A' in a total amount currently not expected to exceed \$4.5 million. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates to the companies listed in the Exhibit '1b-A' in the future for other rebate months.

"Restitution is owed to a PFJ customer if that customer paid more for PFJ power than it would have paid its local franchise utility ('host utility') for the same quantity of electricity over a certain statutorily defined measurement period. The measurement period begins January 1, 2006 and ends with the date that the eligible customer ceases to be in the program or switches to rebates.

"The Authority, using information gathered from the host utilities and the Public Service Commission, determines the full-service electric rates of the host utility throughout the entire measurement period and the relevant customer charges under those rates as compared to the total actual PFJ charges paid by the customer to see whether the customer had net overall PFJ savings or is due a Restitution payment.

"Staff evaluated nine additional customers for the Restitution benefit. Nine customers are eligible for Restitution payment and are presented for approval on Exhibit '1b-B-1.' Ten customer listed on Exhibit '1b-B-2' had overall PFJ program savings; therefore no payment is required.

FISCAL INFORMATION

"Funding of rebates for the companies listed in Exhibit '1b-A' is not expected to exceed \$4.5 million. Payments will be made from the Operating Fund. The Trustees have approved \$202.4 million in past rebates.

"Funding of restitution payments for the companies listed on Exhibit '1b-B-1' is not expected to exceed \$550,000. Payments will be made from the Operating Fund. This is the second such payment request. The total previously approved PFJ Restitution payments is \$4.82 million. Additional requests will follow based on subsequent evaluation of other restitution eligible customers.

RECOMMENDATION

"The Executive Vice President and Chief Financial Officer and the Senior Vice President – Marketing and Economic Development recommend that the Trustees approve the payment of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit '1b-A' and payment of PFJ Restitution for the customers listed in Exhibit '1b-B-1.'

"The Chief Operating Officer, the Executive Vice President and General Counsel and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs (“PFJ”) customers listed in Exhibit “1b-A”;

NOW THEREFORE BE IT RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit “1b-A,” and that the Authority finds that such payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the PFJ program and in the public interest; and be it further

RESOLVED, That based on staff’s recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$4.5 million, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That based on staff’s recommendation, it is hereby authorized that payments be made for Power for Jobs Restitution payments as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$550,000 and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Senior Vice President – Corporate Planning and Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development or his designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and

January 26, 2010

deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**New York Power Authority
Power for Jobs - Extended Benefits
Recommendation for Electricity Savings Reimbursements**

Line	Company	City	County	IOU	KW	Jobs Committed	Jobs in Application	Over (Under)	% Over (Under)	Compliance	Recommended Allocation (KW)	Jobs/MW	Type	Service
1	92nd Street YM-YWHA	New York	New York	Con Ed	200	855	836	-19	-2%	Yes	200	4,180	NFP	Community/cultural center
2	AT&T	White Plains	Westchester	Con Ed	560	610	530	-80	-13%	Yes *	560	946	Large	Telecommunications
3	Bank of New York - NYC	New York	New York	Con Ed	4,700	6,813	6,299	-514	-8%	Yes	4,700	1,340	Large	Banking Services
4	Continental Food Products, Inc.	Flushing	Queens	Con Ed	300	59	55	-4	-7%	Yes	300	183	Small	Frozen Pizza manufacturer and distributor
5	Fordham University	Bronx	Bronx	Con Ed	400	50	992	942	1884%	Yes	400	2,480	NFP	Independent liberal arts college
6	IBM - Westchester	Armonk	Westchester	Con Ed	3,870	2,115	1,998	-117	-6%	Yes	3,870	516	Large	Information technology products & services
7	Intrepid Museum Foundation	New York	New York	Con Ed	450	88	65	-23	-26%	Yes *	450	144	NFP	Museum
8	S. R. Guggenheim Museum	New York	New York	Con Ed	475	418	298	-120	-29%	Yes *	475	627	NFP	Museum
9	The Museum of Modern Art	New York	New York	Con Ed	1,000	766	796	30	4%	Yes	1,000	796	NFP	Museum
10	Verizon	New York	New York	Con Ed	<u>5,000</u>	<u>2,061</u>	<u>2,061</u>	0	0%	Yes	<u>5,000</u>	412	Large	Local and wireless phone service provider
	Total Con Ed		Subtotal	10	16,955	13,835	13,930				16,955			
11	Ametek Hughes-Treitler	Garden City	Suffolk	LIPA	500	172	164	-8	-5%	Yes	500	328	Large	Heat exchangers
12	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	3,137	3,071	-66	-2%	Yes	800	3,839	NFP	Healthcare Center
13	Kleer-Fax Inc.	Amityville	Suffolk	LIPA	200	130	105	-25	-19%	Yes *	200	525	Small	Paper and plastic products
14	Maloya Laser Inc.	Commack	Suffolk	LIPA	75	<u>27</u>	<u>23</u>	-4	-15%	Yes *	<u>75</u>	307	Small	Metal cutting and shaping
	Total LIPA		Subtotal	4	1,575	3,466	3,363				1,575			
15	Albany International Corp.	Homer	Cortland	Grid	1,000	106	101	-5	-5%	Yes	1,000	101	Large	Clothing & engineered textiles
16	Albany Molecular Research, Inc.	Albany	Albany	Grid	600	404	398	-6	-1%	Yes	600	663	Large	Pharmaceutical research & manufacturing
17	AMRI - Rensselaer	Rensselaer	Rensselaer	Grid	1,000	253	267	14	6%	Yes	1,000	267	Large	Active pharmaceutical ingredients
18	Applied Energy Solutions	Caledonia	Livingston	Grid	300	62	48	-14	-23%	Yes *	300	160	Small	Electronics
19	Atofina Chemicals, Inc.	Geneseo	Livingston	Grid	850	95	95	0	0%	Yes	850	112	Large	Chemical manufacturing plant
20	Bank of New York - Oriskany	Oriskany	Oneida	Grid	500	801	796	-5	-1%	Yes	500	1,592	Large	Banking Services
21	Bestway Enterprises	Cortland	Cortland	Grid	75	71	60	-11	-15%	Yes *	75	800	Small	Lumber Products
22	Borg Warner Morse Tech Corp	Cortland	Cortland	Grid	1,500	209	115	-94	-45%	Yes *	1,500	77	Large	Manufacturer of Auto Components
23	Bristol-Myers Squibb Company	East Syracuse	Onondaga	Grid	5,000	1,052	987	-65	-6%	Yes	5,000	197	Large	Manufacturer of bulk antibiotics

New York Power Authority
Power for Jobs - Extended Benefits
Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Jobs Committed	Jobs in Application	Over (Under)	% Over (Under)	Compliance	Recommended Allocation (KW)	Jobs/MW	Type	Service
24	Cooper Industries	Syracuse	Onondaga	Grid	2,350	678	626	-52	-8%	Yes	2,350	266	Small	Manufacturing of electrical equipment
25	Cortland Line Co., Inc.	Cortland	Cortland	Grid	450	83	60	-23	-28%	Yes *	450	133	Large	Fishing line & braided materials
26	G L & V Sandy Hill Inc.	Hudson Falls	Washington	Grid	750	99	85	-14	-14%	Yes *	750	113	Large	Foundry & machine shop
27	HMI Metal Powders	Clayville	Oneida	Grid	500	111	109	-2	-2%	Yes	500	218	Large	Manufactures specialty industrial powders
28	Kilian Manufacturing Corporation	Syracuse	Onondaga	Grid	400	144	123	-21	-15%	Yes *	400	308	Large	Ball bearings
29	Lewis County General Hospital	Lowville	Lewis	Grid	200	418	458	40	10%	Yes	200	2,290	NFP	Medical Center
30	McLane Eastern	Baldwinsville	Onondaga	Grid	800	801	650	-151	-19%	Yes *	800	813	Large	Wholesale grocery distributor
31	Mohawk Paper Mills	Cohoes	Albany	Grid	2,250	415	393	-22	-5%	Yes	2,250	175	Large	Manufacturer of text and cover papers
32	Paul Bunyan Products, Inc.	Preble	Cortland	Grid	150	24	23	-1	-4%	Yes	150	153	Small	Lumber components and pallets
33	Quad Graphics, Inc.	Saratoga Springs	Saratoga	Grid	4,000	989	1,005	-16	-2%	Yes	4,000	251	Large	Printing services for media
34	Queensboro Farm Products, Inc.	Canastota	Madison	Grid	500	80	80	0	0%	Yes	500	160	Large	Milk manufacturing and processing plant
35	Robison & Smith, Inc.	Gloversville	Fulton	Grid	384	205	121	-84	-41%	Yes *	384	315	Small	Linen & Laundry Supply
36	Snyder Industries, Inc.	N. Tonawanda	Niagara	Grid	350	100	104	4	4%	Yes	350	297	Small	Machinery
37	Syracuse Label Co., Inc.	Liverpool	Onondaga	Grid	200	88	85	-3	-3%	Yes	200	425	Small	Printing labels for consumers & industrials
38	Vicks Lithograph & Printing	Yorkville	Oneida	Grid	750	112	100	-12	-11%	Yes	750	133	Large	Book printer & distribution
39	Welch Allyn Data Collection Inc.	Skaneateles Falls	Onondaga	Grid	<u>2,000</u>	<u>1,301</u>	<u>1,221</u>	-80	-6%	Yes	<u>2,000</u>	611	Large	Medical and dental diagnostic equipment
	Total National Grid		Subtotal	26	26,859	8,701	8,110				26,859			
40	Audio Sears	Stamford	Delaware	NYSEG	190	81	79	-2	-2%	Yes	190	416	Small	Makes audio equipment
41	Borg Warner Automotive Morse TEC	Ithaca	Tompkins	NYSEG	4,000	1,265	814	-451	-36%	Yes *	4,000	204	Large	Manufacture of automotive components
42	Corning, Inc.- (Big Flats)	Big Flats	Chemung	NYSEG	500	142	128	-14	-10%	Yes	500	256	Large	Optical fiber, glass and ceramic products
43	Soucy USA	Champlain	Clinton	NYSEG	400	182	107	-75	-41%	Yes *	400	268	Large	Storage & Warehouse facility
44	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	399	321	-78	-20%	Yes *	1,800	178	Large	Book printer and distributor
	Total NYSEG		Subtotal	5	6,890	2,069	1,449				6,890			
45	Gorbel Corp.	Fishers	Ontario	RG&E	350	154	152	-2	-1%	Yes	350	434	Small	Jibs, overhead workstations & cranes
46	XLI Corporation	Rochester	Monroe	RG&E	175	75	70	-5	-7%	Yes	175	400	Small	Precision machine components
	Total RG&E		Subtotal	2	525	229	222				525			

Total	47	52,804	28,300	27,074
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52,804

* Company had all or part of their allocation restored through the reconsideration process, or will not have this month's rebate benefits reduced based on program policy.

New York Power Authority
Power for Jobs - Extended Benefits
Recommendation for Restitution Payments

Line	Company	City	County	IOU	KW	Type	Restitution Period		Program Status	Restitution Payments	Service
							Time Frame	Months			
1	F.M. Howell & Co.	Elmira	Chemung	NYSEG	850	Large	January '06-June '07	18 mths	Exited	\$27,318	Packaging manufacturing
2	Elrae Industries	Alden	Erie	NYSEG	235	Small	Jan '06 - Jun 08	30-months	Exited	\$5,082	Contracts metal stamper
3	Hardinge Inc.	Elmira	Chemung	NYSEG	975	Large	Jan '06 - Jun 08	30-months	Exited	\$172,118	Machine tool metal cutting types
4	Mayer Brothers Products	Buffalo	Erie	NYSEG	400	Small	Jan '06 - Jun 08	30-months	Rebate	\$52,068	Bottled juice products
5	PCB Piezotronics, Inc.	Depew	Wayne	NYSEG	600	Large	Jan '06 - Jun 08	30-months	Rebate	\$86,569	Measurement instruments
6	Frito-Lay, Inc.	Binghamton	Broome	NYSEG	1,000	Large	Jan '06 - Jun 08	30-months	Rebate	\$10,261	Snack food manufacturer
7	Quebecor World Buffalo, Inc.	Depew	Erie	NYSEG	650	Large	Jan '06 - Jun 08	30-months	Rebate	\$88,014	Printer and Publisher

NYSEG Subtotal										4,710		\$441,430
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8	Associated Textile Rental Services, Inc	Rochester	Monroe	RGE	350	Small	Jan '06 - Feb '09	38-months	Exited	\$74,288	Industrial laundry & services
9	XLI Corporation	Rochester	Monroe	RGE	175	Small	Jan '06 - Jun 08	30-months	Rebate	\$29,641	Precision machine components

RGE Subtotal										525		\$103,929
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Grand Total											5,235	\$545,359
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New York Power Authority
Power for Jobs - Extended Benefits
Restitution Savings - No Payment Required

Line	Company	City	County	IOU	KW	Type	Restitution Period		Program Status	PFJ Savings	Service	Issued Savings Letter
							Time Frame	Months				
1	Atofina Chemicals, Inc. (Arkema)	Geneseo	Livingston	Grid	850	Large	Jan '06 - Jun 08	30-months	Rebate	\$543,174	Chemical manufacturing plant	December 30, 2009
2	Schneider Packing Equipment	Brewerton	Onondaga	Grid	200	Small	Jan '06 - Jun 08	30-months	Rebate	\$20,026	Makes packaging machinery	December 30, 2009
3	Mayer Bros. Apple Products, Inc.	West Seneca	Erie	Grid	300	Small	Jan '06 - Jun 08	30-months	Rebate	\$30,133	Juice pressing and bottling	December 30, 2009
4	TMP Technologies, Inc.	Buffalo	Erie	Grid	150	Small	Jan '06 - Jun 08	30-months	Rebate	\$8,184	Maker of foam, rubber, plastic products	
5	St. Clare's Hospital	Schenectady	Schenectady	Grid	650	Large	Jan '06 - Jun 08	30-months	Exited	\$286,443	Healthcare Facility	
6	Cortland Line Co., Inc.	Cortland	Cortland	Grid	450	Large	Jan '06 - Jun 08	30-months	Rebate	\$55,711	Fishing lines & braided materials	
7	Watson Bowman Acme Corp.	Amherst	Erie	Grid	150	Small	Jan '06 - Jun 08	30-months	Rebate	\$32,890	Manufactures expansion joint systems	
8	Albany International Corp.	Albany	Albany	Grid	1,000	Large	Jan '06 - Jun 08	30-months	Rebate	\$251,603	Clothing and engineered textiles	
9	G L & V Sandy Hill Inc.	Hudson Falls	Washington	Grid	750	Large	Jan '06 - Jun 08	30-months	Rebate	\$114,228	Foundry & machine shop	

National Grid Subtotal					4,500					\$1,342,392		
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10	Niagara Fiberboard Inc.	Lockport	Niagara	NYSEG	183	Small	Jan '06 - Jun 08	30-months	Rebate	\$4,132	Makes recycled paperboard products	
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NYSEG Subtotal					183					\$4,132		
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Grand Total					4,683					\$1,346,524		
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c. Industrial Incentive Award Approvals

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve Industrial Incentive Awards to four manufacturing companies in accordance with the recently approved Economic Development Plan (‘Plan’).

BACKGROUND

“Chapter 32 of the Laws of 1987 added the eighth unnumbered paragraph of Section 1005 of the Public Authorities Law (‘PAL’) which directs the Authority to identify net revenues produced by the sale of Expansion Power (‘EP’) and, further, to identify an amount of such net revenues to be used solely for Industrial Incentive Awards. These awards are to be made in conformance with a Plan, covering all such net revenues, that is submitted by the Authority to the Economic Development Power Allocation Board (‘EDPAB’) and is approved by EDPAB pursuant to Section 188 of the Economic Development Law (‘EDL’).

“Net revenues are defined by Section 1005 as any excess of revenues properly allocated to the sales of EP over costs and expenses properly allocated to such sales. The Authority is directed in Section 1005 to identify net revenues no less often than annually. Section 188 of the EDL provides that EDPAB is to review each Plan applying the same economic development criteria as those used to evaluate applications for power. The statute does not specify a definition of Industrial Incentive Awards.

“At its September 29, 2009 meeting, the Trustees approved a Plan that provides for the use of net revenues from the sale of EP for the calendar years of 2008 up through and including 2016 to provide electric bill discounts to manufacturing companies located in New York State that are at identifiable risk of closing or relocation to another state.

DISCUSSION

“The condition of the current economy is placing added strain on many New York State manufacturing companies. Among these companies are the following:

1. Buckingham Manufacturing Company, Inc. - Binghamton, New York (Broome County)
2. GE Aviation Systems LLC - Bohemia, New York (Suffolk County)
3. New Horizon Graphic, Inc - Hauppauge, New York (Suffolk County)
4. Owl Wire and Cable, Inc.
 - a. Canastota, New York (Madison County)
 - b. Rome, New York (Oneida County)

These companies are all experiencing added cost pressure as a result of the economic downturn. At their respective facilities, manufacturing processes represent a substantial portion of total electricity consumption. Energy costs are a primary consideration for these companies in terms of keeping their businesses within New York State or relocating elsewhere.

“Each of these companies is currently facing difficult economic challenges. Buckingham Manufacturing Company, Inc. has experienced markedly declined demand and is considering relocation to a state offering substantial manufacturer incentives. In the case of GE Aviation Systems LLC, global consolidation had recently put

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their Bohemia facility at risk of closure. New Horizon Graphic, Inc., which has been in business for twenty-five years, is currently considering either relocation or outright closure. In addition, Owl Wire and Cable, Inc. is facing potential relocation of their Canastota and Rome operations to the State of South Carolina.

“It is recommended that the Authority’s Board authorize the use of Industrial Incentive Awards to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc., and Owl Wire and Cable, Inc. This recommendation comes after careful consideration of each company’s business case. The form of the award will be a ¢/kWh price discount applied to a level of annual electric consumption, mutually agreed to by the Authority and each respective organization as described in Exhibit ‘1c-A.’ These award disbursements are predicated on the availability of EP net revenue funding for such Industrial Incentive Awards and are issued at the Authority’s sole discretion.

“The Industrial Incentive Award will remain in effect for a one year period. The terms may be subsequently extended beyond the initial one-year period based on the availability of Authority funding and provided that each company met the agreed upon job commitment as specified in Exhibit ‘1c-A.’

“In the event that any of these companies qualify and participate in a future, yet to be determined, statewide power program that offers similar or greater value than the proposed Industrial Incentive Award, their Industrial Incentive Award would ultimately be terminated.

“It is therefore proposed that the Trustees approve Industrial Incentive Awards to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc. and Owl Wire and Cable, Inc. The Authority will report to the Trustees annually on the actual disbursement of these funds.

RECOMMENDATION

“The Senior Vice President – Marketing and Economic Development recommends that the Trustees approve Industrial Incentive Awards to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc. and Owl Wire and Cable, Inc. The terms of each award and the maximum annual payments are specified in Exhibit ‘1c-A.’

“The Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Authority hereby approves an Industrial Incentive Award to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc. and Owl Wire and Cable, Inc. as per the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, The Vice Chairman, the President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take all actions and execute and deliver all

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agreements, certificates and other documents, to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Industrial Incentive Awards IIA

Buckingham Manufacturing Company, Inc.

- Binghamton (Broome County) – 196 jobs
- NYSEG service area; typical usage of 700,000 kWh per year
- Discount (¢/kWh) against NYSEG/ESCO rate
- IIA of up to 2 ¢/kWh variable, with max award of \$15,000 / year
- 1 year initial term
- Flexible to allow Buckingham Manufacturing Company to participate in any new NYPA power program

GE Aviation Systems LLC

- Bohemia (Suffolk County) – 255 jobs
- LIPA service area; typical usage of 5,000,000 kWh per year
- Discount (¢/kWh) against LIPA rate
- IIA of up to 4.4 ¢/kWh variable, with max award of \$200,000 /year
- 1 year initial term
- Flexible to allow GE Aviation Systems to participate in any new NYPA power program

New Horizon Graphic, Inc.

- Hauppauge (Suffolk County) – 30 jobs
- LIPA service area; typical usage of 600,000 kWh per year
- Discount (¢/kWh) against LIPA rate
- IIA of up to 3 ¢/kWh variable, with max award of \$20,000 /year
- 1 year initial term
- Flexible to allow New Horizon Graphic, Inc. to participate in any new NYPA power program

Owl Wire and Cable, Inc.

- Canastota (Madison County) and Rome (Oneida County) – 172 jobs
- National Grid service area; typical usage of 23,000,000 kWh per year
- Discount (¢/kWh) against National Grid rate
- IIA of up to 3 ¢/kWh variable, with max award of \$700,000 /year
- 1 year initial term
- Flexible to allow Owl Wire and Cable, Inc. to participate in any new NYPA power program

Total recommended Industrial Incentive Award maximum = \$935,000

Discussion Agenda

2. a. Report of the President and Chief Executive Officer

President Richard Kessel said that the tragic earthquake in Haiti had affected some Authority staff members who have family there. He said that he had asked staff to consider making donations to one of the charitable organizations involved in the relief effort, mentioning that a list of such charities is available on Governor Paterson's website. He asked any Trustees, staff or their family members who wish to participate to consider making a donation to Oxfam America. He said that checks made out to Oxfam America could be submitted to Ms. Lisa Farrell, Executive Secretary in the President's Office, who will send the checks on to Oxfam America as a group donation from Authority staff.

President Kessel then presented an overview of the following:

Reorganization of Business Units: At the December Trustees' Meeting, the Trustees approved By-laws changes that provided for a clearer reporting structure, with Power Supply and the operational aspects of the Authority's business now reporting to Mr. Gilbert Quiniones and Energy Services and Technology, Marketing and Economic Development and the support departments charged with the day-to-day responsibility of running the Authority reporting to President Kessel. He thanked Mr. Quiniones for working with him to effect these organizational changes.

Changes in Human Resources at the White Plains Office and the Plants: Mr. Rocco Iannarelli, the Authority's new Vice President for Human Resources, is working on a complete reorganization of the Human Resources function throughout the Authority. Mr. Iannarelli and Ms. Francine Evans have begun traveling to the facilities and meeting with the Regional Managers and union representatives about this effort. One of the goals of the reorganization is to centralize more of the Human Resources functions. In addition, Mr. Iannarelli is working with Mr. Quiniones and Ms. Terryl Brown to increase the diversity of the Authority's workforce, particularly at its operating facilities. Another goal is to increase the opportunities for in-house promotions.

Hiring of Vice President for Emergency Management/Business Continuity: Mr. Francis Ryan has started working in this new position. An emergency management plan for the Authority is crucial to its effectiveness and Mr. Ryan will be continuing the great work done by Mr. Quiniones and Ms. Victoria Simon, who will work with him to develop the plan. Mr. Ryan has already visited a couple of the Authority's sites and will visit all of the

others in the near future. A draft emergency management plan will be presented to the Trustees for their approval within the next couple of months.

Reinstitution of the Executive Management Committee: President Kessel and Mr. Quiniones are now holding monthly meetings with the Authority's officers and other executives who comprise the Executive Management Committee. In addition, they will meet on a monthly basis with the rest of the Authority's senior staff and their direct reports for a wider look at the Authority and how it is doing. It is critically important that the Authority's top management know what is happening across the Authority every day.

Community Outreach – Upstate/Downstate: In the past month, President Kessel has participated in the following events/meetings around the State:

- *Meeting with Local Government Task Force in Massena.*
- *Meeting with staff at Ogdensburg Journal/Daily Courier Observer.*
- *Inauguration of new members of the Nassau County Legislature on Long Island.*
- *State of the State address in Albany. (Governor Paterson spoke about introducing a bill under which the Authority would fund \$65 million in economic development work at Empire State Development. He also mentioned the Authority's solar and energy efficiency initiatives in the address.)*
- *Citigroup meeting in New York City.*
- *Natural Resources Defense Council/Hudson Transmission Partners meeting in New York City.*
- *Independent Power Producers meeting in New York City.*
- *Sustainability news conference with the new Mayor of White Plains, Mr. Adam Bradley, at the new fuel cell on the side of the White Plains Office building. The Authority made a commitment to install a fuel cell at White Plains City Hall.*
- *Guest speaker at meeting of Manufacturers' Association of Central New York in Syracuse ("MACNY").*
- *Meeting with editorial board of the Syracuse Post Standard.*
- *Meeting with new Mayor of Syracuse, Ms. Stephanie Miner.*
- *Meeting with CBS, which is deeply concerned about the expiration of the Power for Jobs program. The Authority is going to work with CBS and the other major broadcast networks.*
- *News conference about the Advanced Energy Research Technology Center in Stony Brook, Long Island, which will involve researchers from a number of colleges and universities across the State. The*

Center's building will be completed this summer and the Authority is providing operating funds for the first year of the Center's operation.

- *Meeting with business leaders from the Power for Economic Prosperity group in Buffalo. Staff anticipates presenting draft hydropower contracts to the Trustees at their May meeting, after which public hearings on the contracts will be held.*
- *News conference on the Greenway Ecological Fund at the Tift Nature Preserve in Buffalo.*
- *Meeting with Buffalo Mayor Byron Brown.*
- *Meeting with Erie Canal Harbor Development Corporation in Buffalo.*
- *Guest speaker at Hofstra University.*

President Kessel thanked all of the Authority's staff for their hard work, saying that he knew these were not easy times.

Trustee Eugene Nicandri pointed out that one-quarter of New York State is located north of Watertown. President Kessel invited Trustee Nicandri to a meeting with Alcoa that will be held in Massena in April.

President Kessel said that he travels to Western New York and Northern New York once a month and that he is planning to travel soon to the Southern Tier, including Rome and Binghamton. The May Trustees' Meeting will be held in Elmira. He thanked the Trustees for accompanying him to events and meetings when he travels to their areas of the State.

**b. Senior Vice President – Energy Services and Technology –
NYPA’s Energy Efficiency and Renewable Programs**

Mr. Angelo Esposito introduced a video overview of the Authority’s energy efficiency and renewable programs. He said that the Authority had funded \$145 million of energy efficiency projects in 2009, \$28 million more than the previous annual record. All costs for these programs (both direct and indirect) are recovered from the customers, with no impacts on the Authority’s ratepayers. The Authority strives to match the amortization periods for the projects to the economic payback period. Some customers put some cash up at the start of projects in order to reduce the payment periods. In 2009, work was done on 110 projects with total installed costs of \$455 million. A total of 450 other projects totaling \$1.3 billion are being developed. Two of the large projects in development include a \$67 million central boiler and chiller project at the City University of New York’s Technology Center in Brooklyn and a combined heat and power project at Rikers Island. To date, the Authority has spent a total of \$1.4 billion on energy efficiency and renewable projects at 3,300 facilities. Annual customer savings average \$120 million, with cumulative savings of \$1.2 billion.

Statewide, the Authority has installed 30 solar photovoltaic systems. In the works are offshore wind projects for Lakes Erie and Ontario and the Atlantic Ocean off the coast of Long Island. Fuel cells are in the planning stages from Buffalo to Long Island, with an advanced 200 kW fuel cell already installed at the Authority’s White Plains office.

Mr. Bert Cunningham said that the video was produced entirely in house. Mr. Kevin O’Keeffe wrote and narrated the script, which Mr. Stephen Shoenholz helped edit.

Mr. Esposito said that every Authority department is involved in the energy efficiency and renewable programs, which are an Authority team effort. He expressed his gratitude to everyone for their support and introduced Mr. Paul Belnick, Vice President for Project Development and Management, and Mr. Richard Hackman, Chief Technology Development Officer.

Trustee Nicandri said that Mr. Esposito and the video had done a good job of explaining the Authority’s efforts in the energy efficiency and renewable areas.

President Kessel said that the presentation had been the idea of Chairman Michael Townsend and Vice Chairman Jonathan Foster. He said that presentations would also be prepared on the Authority’s other activities, with the next one focusing on economic development. President Kessel added that the Authority’s communications team would be working hard to get the word out about these programs.

In response to a question from Vice Chairman Foster, Mr. Esposito said that 800 of the State University of New York's 4,000 buildings had been involved in the Authority's energy efficiency and renewable programs.

Responding to a question from Trustee Nicandri, Mr. Cunningham said that the video would be available on the Authority's website and would be used as a marketing tool. Trustee Elise Cusack said that when the video is presented, the criteria for participation in these programs should also be enumerated. Mr. Esposito said that private-sector companies were not eligible to participate in the programs unless they are already Authority customers. Ms. Elizabeth McCarthy said that the New York State Energy Research and Development Authority sponsors statewide programs to assist the private sector with energy efficiency and renewable projects.

In response to another question from Vice Chairman Foster, Mr. Esposito said that the program had doubled in volume over the past five years and would be roughly doubling again over the next few years. He said that the Energy Services and Technology staff totals 75 people, approximately 20 of whom provide back-office support for the programs. In addition, another 300+ employees of the Authority's implementation contractors are working on these projects. Responding to another question from Vice Chairman Foster, Mr. Esposito said that the Authority's commercial paper is used to provide capital for the programs.

Chairman Townsend said that every school district in the State should be required by law to participate in the Authority's energy efficiency programs. He suggested that the Authority's communications staff work to get local PBS stations to air the video.

In response to another question from Vice Chairman Foster, Mr. Esposito said that many of the entities approaching the Authority for assistance with energy efficiency and renewable projects are repeat customers. Vice Chairman Foster suggested that the video and Mr. Esposito's presentation be used to develop talking points for staff to go out to schools and other potential customers to promote the programs. President Kessel said that these programs also help building good relationships between the Authority and elected officials and Vice Chairman Foster suggested that the video be shown to the Energy Committees of the State Legislature.

Trustee D. Patrick Curley said that he would like to see the Authority develop programs for the private sector. In response to a question from Trustee Curley, Mr. Esposito said that as far as he knew, the Authority would not qualify as a lender or loan guarantor for private-sector projects, but that he would research the question and report his findings to the Trustees.

c. Report of the Chief Operating Officer

The Power Authority concluded a superb operating year in 2009 by exceeding its annual targets for systemwide net generation and transmission reliability. In other 2009 highlights related to generation and transmission, the Authority passed significant milestones in the Life Extension and Modernization programs at the St. Lawrence-Franklin D. Roosevelt and Blenheim-Gilboa projects and moved forward with planning for a potential transmission line from Canada to downstate New York.

A new Operations Business Organization, consisting of the Power Supply and Energy Resource Management units, was established as of December 24 under the jurisdiction of the COO. This report covers the activities of these entities, as well as the Office of the Chief Operating Officer.

POWER SUPPLY

Plant Performance

Total net generation for 2009 was 27,349,203 megawatt hours (MWh), surpassing the target of 26,934,429 MWh.^{1,2} The plants were available to produce electricity 92.2 percent of the time during the year. Their unforced capacity rating was 98.2 percent, compared with the target of 98.5 percent.³

The annual lost opportunity cost of all unscheduled generation outages was \$1.04 million, about 0.05 percent of total generation revenue of \$2.03 billion.

In December, systemwide net generation was 2,361,536 MWh, exceeding the projection of 2,242,595 MWh. This was the 11th month of the year in which the generation target was surpassed, with October the only exception.

The plants were available to produce electricity 92.6 percent of the time during December, while the unforced capacity rating was 98.1 percent, compared with the 98.5 percent target.

The month's only significant forced generation outage occurred at the 500-megawatt combined-cycle plant in Queens, where one of the three units was shut down for repairs to the boiler feed pump.^{4,5} The outage lasted for 56 hours and resulted in a revenue loss of \$86,000.

The total lost opportunity cost of all unscheduled outages in December, including those not classified as significant, was about \$112,000, compared with generation revenue of \$161.5 million.

River flows for the month at the Niagara project were at historical averages and slightly above normal based on long- and short-term forecasts. At St. Lawrence-FDR, flows were slightly above historical averages and consistent with the forecasts. The December flows were in line with those that prevailed throughout the year.

Transmission Performance

The transmission reliability for the year was 97.36 percent, exceeding the projection of 96.33 percent.⁶ However, the December figure of 95.81 percent was below the target of 97.04 percent. (July was the only other month of 2009 in which the target wasn't met.)

There were three unplanned transmission outages in December, totaling 898 hours.

A 418-hour outage occurred on a capacitor bank at the Marcy Substation because of failed capacitors and corroded connections.⁷ The Niagara-Rochester segment of one of the Authority's two 345-kilovolt (kv) cross-state lines to National Grid's Edic Substation in Marcy was out of service for 80 hours to repair structural damage on a tower. A cable fault forced the shutdown of the 345-kv Sound Cable Project from Westchester County to Long Island; repairs continue, with a return to service expected by mid-February.

There were 14 unplanned transmission outages for the year, with a total duration of 968 hours.

Life Extension and Modernization Programs

Work on the 12th of the 16 units at the St. Lawrence-FDR project was completed on schedule as part of the project's Life Extension and Modernization (LEM) program, with the unit resuming operation on December 18.⁸ The 13th unit was removed from service the following day and is expected to return in late July following its refurbishment. The overall LEM project is scheduled for completion in 2013.

Work on the fourth and final unit at Blenheim-Gilboa remains on course for completion in June 2010. (Refurbishment of the third unit was completed in May.)

Planning for a LEM program at the Niagara project's Lewiston Pump-Generating Plant continued in December. A presentation will be made to senior management in the first quarter of this year.

Transmission Initiatives

On December 18, representatives of NYPA and National Grid met with staff members from Con Edison and the Long Island Power Authority (LIPA) to discuss economic issues related to a proposed transmission line that would deliver power from Canada and upstate renewable energy projects to New York City.

The Con Edison and LIPA representatives commented on preliminary economic studies that had been conducted by NYPA and National Grid and expressed interest in pursuing the project. They suggested dividing the effort between two subgroups, one to investigate potential commercial arrangements to make the project economically viable and the other to conduct additional economic studies. NYPA and National Grid will select a consultant to perform future studies and intend to present a proposal for such work to Con Edison and LIPA this month.

NYPA staff and our consultant, Navigant, will investigate potential commercial arrangements before entering discussions on that subject with National Grid, Con Edison and LIPA.

As previously reported, a combined system planning study by NYPA and National Grid has identified three options for the new transmission line, with the potential for an additional 1,500 megawatts in transfer capability. More-detailed system planning studies with Con Edison and LIPA will be conducted after the project economics have been investigated further.

Meanwhile, NYPA and National Grid are close to completing a non-disclosure agreement with Hydro-Quebec Trans Energie (HQTE), which operates the Quebec transmission system and markets system capacity. The agreement will assist in carrying out further studies with HQTE.

Organizational Realignment

The assessment of potential operational interfaces between the Power Generation and Transmission units is continuing, with completion anticipated in the first quarter of this year.

As reported last month, we are also reviewing potential organizational synergies between the Energy Control Center, Energy Resource Management and Power Generation operations.

ENERGY RESOURCE MANAGEMENT

Energy Resource Management's (ERM) principal responsibility is to manage NYPA's generation resources in the New York State energy markets so as to maximize benefits and reduce costs to the state's electricity consumers. This responsibility includes the bidding of the Authority's generation into the various New York Independent System Operator (NYISO) markets, developing and implementing fuel supply strategies and formulating NYPA policy positions related to NYISO markets.⁹

The Authority's Scheduling and Settlement group, located at the Clark Energy Center in Marcy, was transferred from the Transmission Business Unit to ERM effective December 30. The new organizational

structure provides more precise oversight of all load scheduling and financial settlement matters with the NYISO as well as alignment with bidding and scheduling of NYPA generation resources and all activity pertaining to current and emerging NYISO market rules that may affect the Authority.

Energy prices in New York State were at a five-year low in 2009, presenting particular challenges to the ERM group. For example, the average annual settled price in the NYISO's day-ahead market for Zone A (Western New York) was \$31.89 per megawatt hour (MWh), compared with a normal range of \$50 to \$60 per MWh.

During the year, ERM's bids of more than 26,500,000 MWh of NYPA generation into the NYISO markets netted \$360 million in power supplier payments to the Authority. This compared with \$373 million in payments for more than 26 million MWh in 2008.

Traders were further challenged in managing NYPA's assets because the differential between peak and off-peak prices in 2009 was more than 50 percent below normal, sharply reducing the benefits of selling power in peak periods. (The average differential for the year in Zone A day-ahead prices was \$7 per MWh, compared with a normal average of \$16 per MWh.)

Fuel prices were also significantly lower in 2009. NYPA's Fuels Group transacted \$252.2 million in natural gas and oil purchases, compared with \$631.2 million in 2008. Reduced oil purchases in anticipation of cessation of operation at the Poletti project contributed to the decrease.

OFFICE OF THE CHIEF OPERATING OFFICER

Sustainability Action Plan

After the Trustees approved the Authority's Sustainability Action Plan—"Generating Sustainability"—on December 15, the plan was released to all employees. A new sustainability section of the internal PowerNet was also launched, providing details on the effort and ways for employees to become involved.

On January 13, NYPA held a news conference outside our White Plains office building to publicly release the plan and highlight the installation of a new 200-kilowatt fuel cell that could meet about 20 percent of the building's electricity needs. In addition, waste heat from the unit, the first fuel cell at a Westchester County office building, will be used to heat and cool the building's lobby areas.

President and CEO Kessel was joined at the event by White Plains Mayor Adam Bradley, other elected officials and Adiel Gavish, program director of Federated Conservationists of Westchester County, Inc.

Complementing the news conference was an exhibit in the Jaguar Room, open to the press and NYPA employees, that featured the Authority's many green activities. In addition, we launched an updated Sustainability section on the Authority's external Website and notified more than 1,500 stakeholders of the plan's release via e-mail.

GLOSSARY

¹ *Net generation—The energy generated in a given time period by a power plant or group of plants, less the amount used at the plants themselves (station service) or for pumping in a pumped storage facility.*

² *Megawatt hour—The amount of electricity needed to light ten thousand 100-watt light bulbs for one hour. A megawatt is equal to 1,000 kilowatts and can power about 800 homes, based on national averages.*

³ *Unforced capacity rating—All power plants have an installed capacity, or ICAP, meaning the amount of power they could generate under perfect conditions. Since conditions are not always perfect and plants are shut down, there is a second measurement, called the unforced capacity, or UCAP, which is how much power a plant actually can produce. For New York State power plants, this measurement is influenced by the amount of time a plant is forced out of service when it is called into service through the New York Independent System Operator to provide energy.*

⁴ *Outage—The removal of a power plant or transmission line from service. Outages may be scheduled for purposes such as anticipated maintenance, or forced by unexpected events. A significant forced or emergency outage of an individual generating unit is an event of more than 72 hours in duration, entailing a repair cost of more than \$75,000 or resulting in more than \$50,000 of lost revenues. A significant forced or emergency outage of an individual transmission line is an event that directly affects the reliability of the state's transmission network, or the availability of any component of the network, for more than eight hours or has a repair cost of more than \$75,000.*

⁵ *Boiler feed pump—A component that supplies high pressure, high temperature water to the boiler, where it is converted into steam used to drive the turbine-generator to produce electricity.*

⁶ *Transmission reliability—A measurement of the impact of forced and scheduled outages on the statewide system's ability to transmit power.*

⁷ *Capacitor bank—A collection of individual capacitors, which are devices that can store an electrical charge and are used to support system voltage. There are two capacitor banks at the Marcy Substation, each consisting of 720 capacitors and associated equipment. Each bank is about 90 feet long, 60 feet wide and 20 feet tall. (Voltage is a measurement of the force that pushes electricity through a transmission line, much as water is forced through a hose. The performance of a transmission line, especially those of medium length or longer, depends on maintaining voltage at certain levels. The maximum amount of power a line can transmit is reduced as voltage decreases.)*

⁸ *Life Extension and Modernization Program—A major initiative by the Power Authority to ensure that a particular power project operates at maximum efficiency far into the future. In Life Extension and Modernization programs currently under way at the St. Lawrence-Franklin D. Roosevelt and Blenheim-Gilboa projects, the turbines are being replaced and the generators and other components significantly refurbished.*

⁹ *New York Independent System Operator—A not-for-profit organization that operates New York State's transmission system, administers the state's wholesale electricity markets and engages in planning and forecasting to ensure the future reliability of the statewide power system.*

d. **Report of the Chief Financial Officer**

In response to a question from Vice Chairman Foster, Ms. McCarthy said timing issues were the major reason for the Authority's underspending of its projected capital expenditures in 2009 by \$60 million. She said that this amount had been included in the 2010 budget.

New York Power Authority
Report of the Chief Financial Officer
For the Year Ended December 31, 2009

**Report of the Chief Financial Officer
For the Year Ended December 31, 2009
Executive Summary**

Results of Operations

Net income for the year ended December 31, 2009 was \$253 million, which was \$55 million below budget and \$6 million below the projection provided in December. The primary drivers of the unfavorable budget variance for the year included lower net margins on sales (\$32 million) primarily due to lower prices on market-based sales, an additional voluntary contribution to NY State relating to the Power For Jobs program (\$12 million) and the accrual of a potential additional Power for Jobs obligation (\$12 million) based on an October 2009 court decision. Net sales margins were a combined \$85 million lower than budgeted for the Niagara, Blenheim-Gilboa and Small Clean Power Plants. These negatives were partially offset by higher than budgeted margins at St. Lawrence (\$20 million) due to higher production and Market Supply Power (\$36 million) due to lower purchased power prices. The primary driver behind for the unfavorable variance from the net income projection provided in December was an unrealized loss (\$13 million) on the Authority's investment portfolio due to an increase in market interest rates. Looking forward to 2010, we are projecting that net income will increase to \$308 million assuming generation levels at the two hydroelectric projects are slightly above the long-term average of 20.2 TWH.

Cash & Liquidity

The Authority ended the year with a total operating fund balance of \$907 million as compared to \$933 million at the end of 2008. Net cash generated by operations for the year (\$426 million) was more than offset by voluntary contributions (\$119 million) and temporary asset transfers to NY State (\$318 million). Year-end fund levels were \$22 million better than the budget of \$885 million, which principally reflected the under-spending of anticipated capital additions (\$56 million) offset by lower net income levels (\$55 million minus the non-cash accruals noted above related to Power for Jobs of \$24.5 million).

Looking forward to 2010, we are projecting that operating funds will increase by \$229 million by year-end mostly due to deposits to the Capital Project Reserve. Fund levels are expected to increase in January and February, then decrease in March when we are anticipating the final payment to NY State related to the February 2009 Memorandum of Understanding. Such final payment is subject to reaffirmation by the Board that the payment remains feasible and advisable. Following this payment, generally steady growth in fund balances are expected during the remainder of the year.

Enterprise Risk

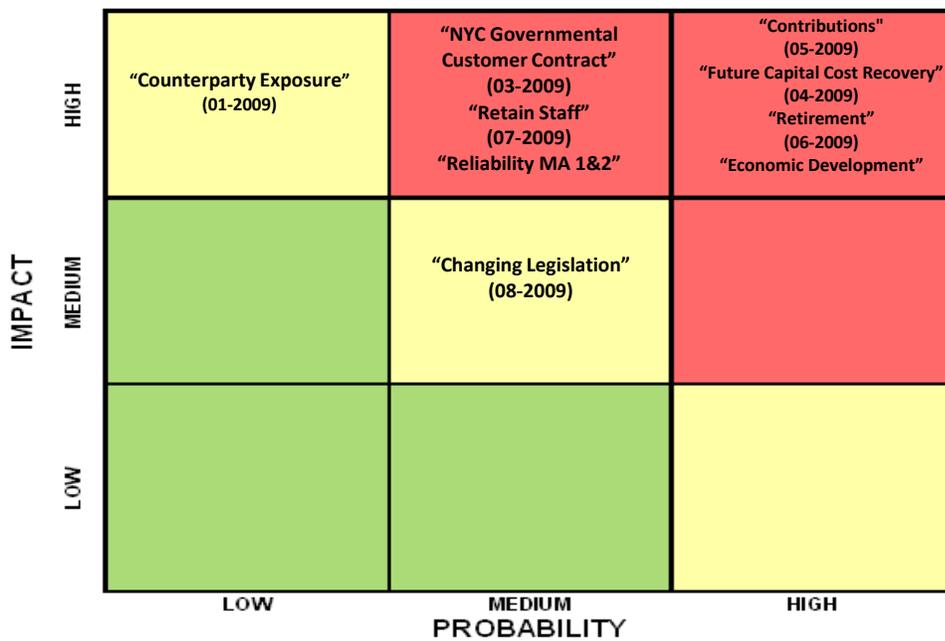
The Enterprise Risk ("ER") Management program and associated implementation of supporting ER policies were approved at the May 19, 2009 Trustee meeting. Nine critical risks were identified through meetings with senior management. The Enterprise Risk Committee was established with the overall objective to provide oversight for the management and mitigation of NYPA's critical risks. The inaugural Enterprise Risk Committee ("ERC") meeting, held on September 18th, 2009, successfully verified the assessment (probability x impact) for each critical risk and prioritized the critical risks that require immediate focus (see Figure 1).

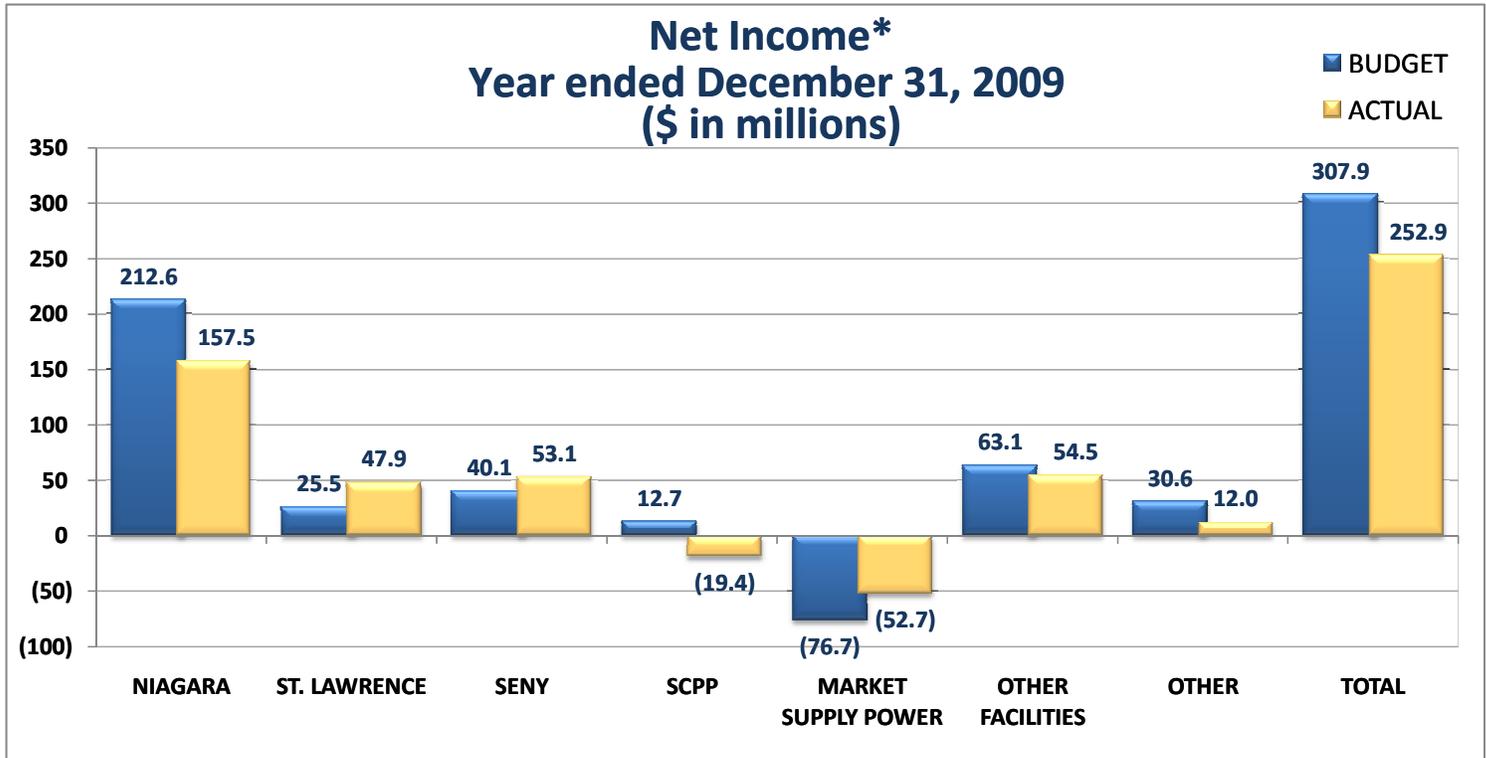
**Report of the Chief Financial Officer
For the Year Ended December 31, 2009
Executive Summary**

At the November 30, 2009 ERC meeting, the ERC charter was approved, risk mitigation plans and ERC presentation/approval schedules for the five prioritized critical risks were verified. The Enterprise Risk Team is currently working with Risk Owners and Supporting Risk Owners to complete mitigation plans for the five prioritized critical risks.

In Q4 2009 the Enterprise Risk Team conducted a successful initial rollout of the ER Program partnering with Compliance, Risk Reporting and Strategic Planning. The team has solicited feedback from the rollout participants in an effort to ensure that the ER Program focuses on continuous improvement.

Figure 1: Critical Risk Assessment Matrix (Heat Map)





* Preliminary amounts subject to adjustment based on the true-up of estimated sales and accruals.

Major Factors

Niagara

Primarily lower revenues on market based sales (\$35) due to lower prices and lower regulation revenues (\$14). Average energy prices for sales into the market were approximately 40% lower than budgeted (\$32.5/mwh actual vs \$55.3/mwh budgeted). Capacity prices were also 35% below the budget. Regulation revenues were below budget primarily due to lower prices.

St. Lawrence

Higher sales margin due to higher revenues (\$9.1) and lower purchased power costs (\$11). Revenues were higher primarily due to increased production (15%) and higher average prices on sales. Average sales prices were higher primarily due to the availability of additional energy to be sold into the market due to the curtailment in sales to Alcoa.

SENY

Includes insurance recovery related to 2008 500 mw compressor outage (\$4.7), lower operation and maintenance expenses (\$1.4) and a lower interest expense (\$1.5, lower rates).

SCPP's

Lower net margin on sales (\$26) combined with higher O&M (\$3.0). Production was approximately 70% (512,000 mwh) below budget since the need for the units was less than anticipated in the budget due to market conditions. Spark spreads were \$45/mwh when the plants operated (slightly above budget).

Market Supply Power

Higher net margin on sales (\$36) partially offset by accrual of potential additional Power for Jobs obligation (\$12) based on October 2009 court decision. Higher net margin of sales reflects lower purchased power costs (\$80) due to lower prices partially offset by higher revenues (\$46) primarily due to the pass-through a portion of this amount to customers based on contractual agreements.

Other facilities

Primary lower net revenues at B-G due to lower volumes sold. Production was significantly lower than budgeted due to the limited price differential between off peak and on peak energy prices.

Other

Primarily accrual of additional PFJ voluntary contribution (\$12.5) and higher mark-to-market loss on the investment portfolio.

**Better
(Worse)**

(\$55.1)

22.4

13.0

(32.1)

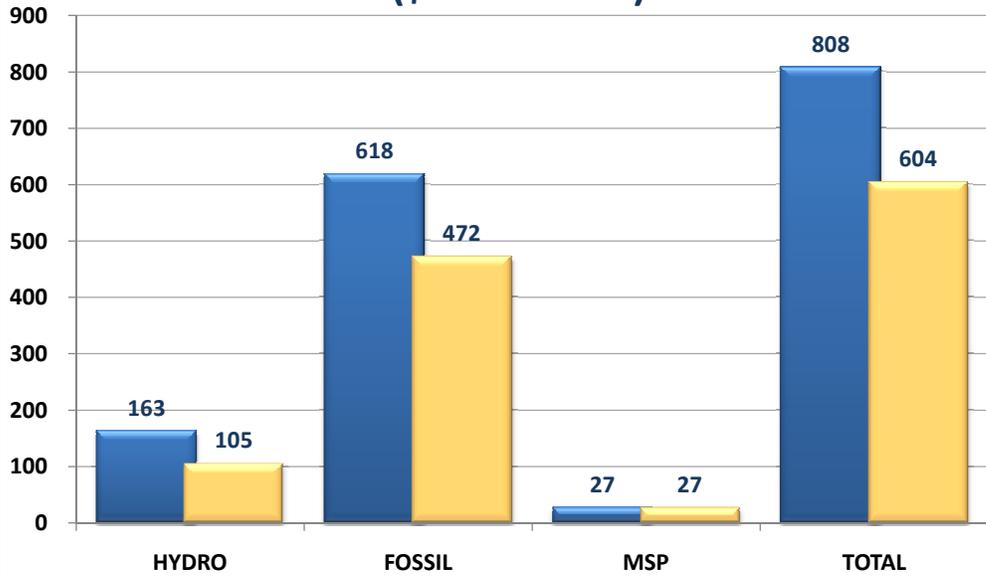
24.0

(8.6)

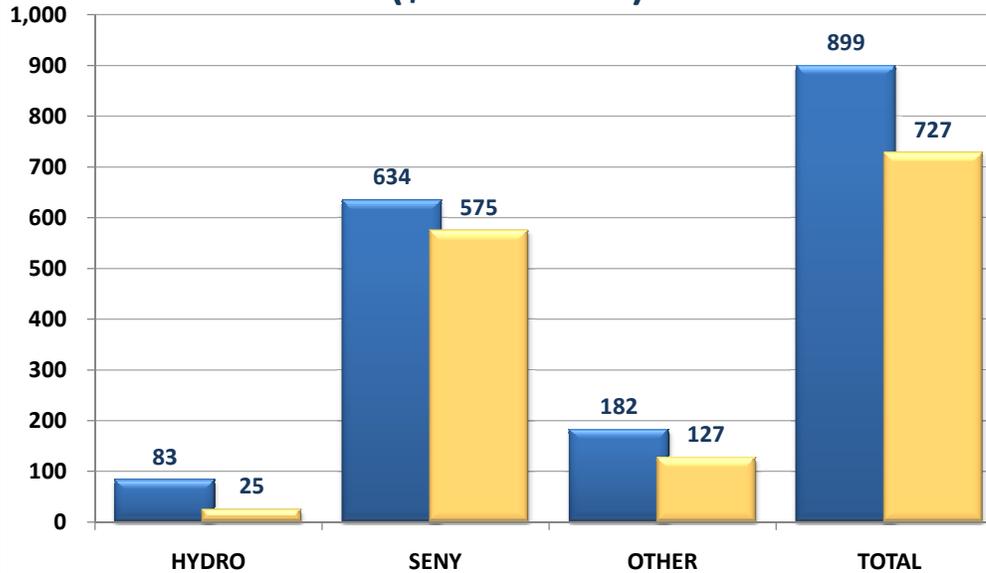
(18.6)

TOTAL (\$55.0)

Market-Based Power Energy Sales Year ended December 31, 2009 (\$ in millions)



Market-Based Power Energy Purchases Year ended December 31, 2009 (\$ in millions)

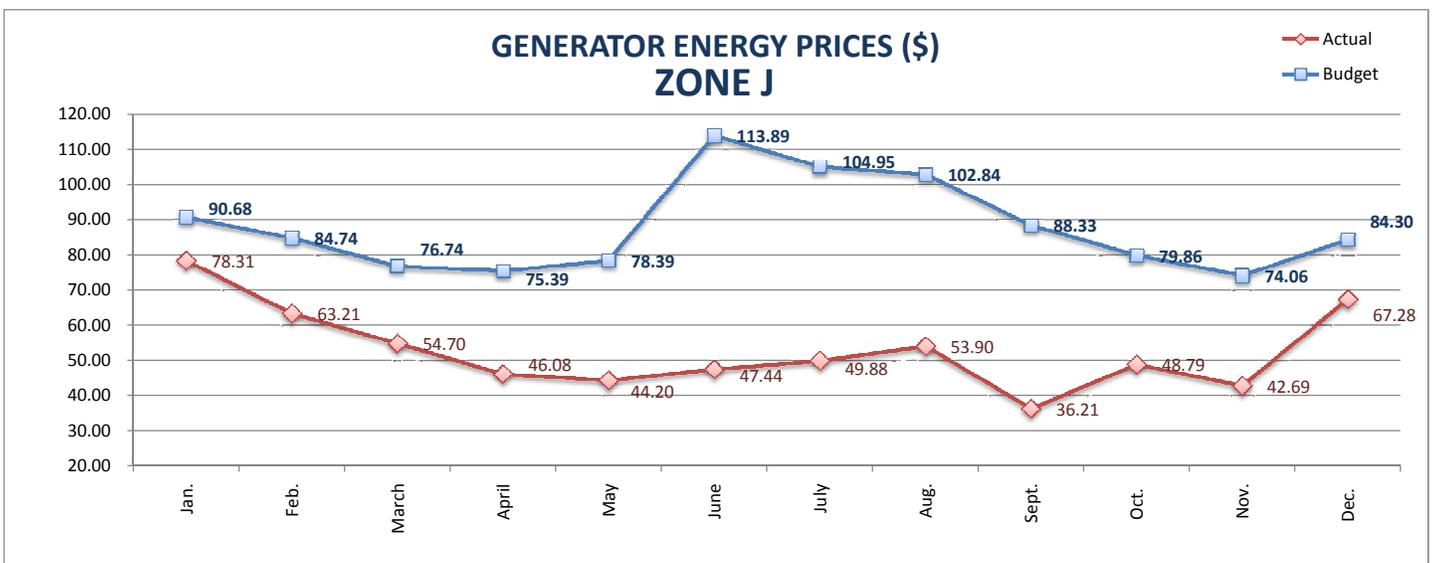
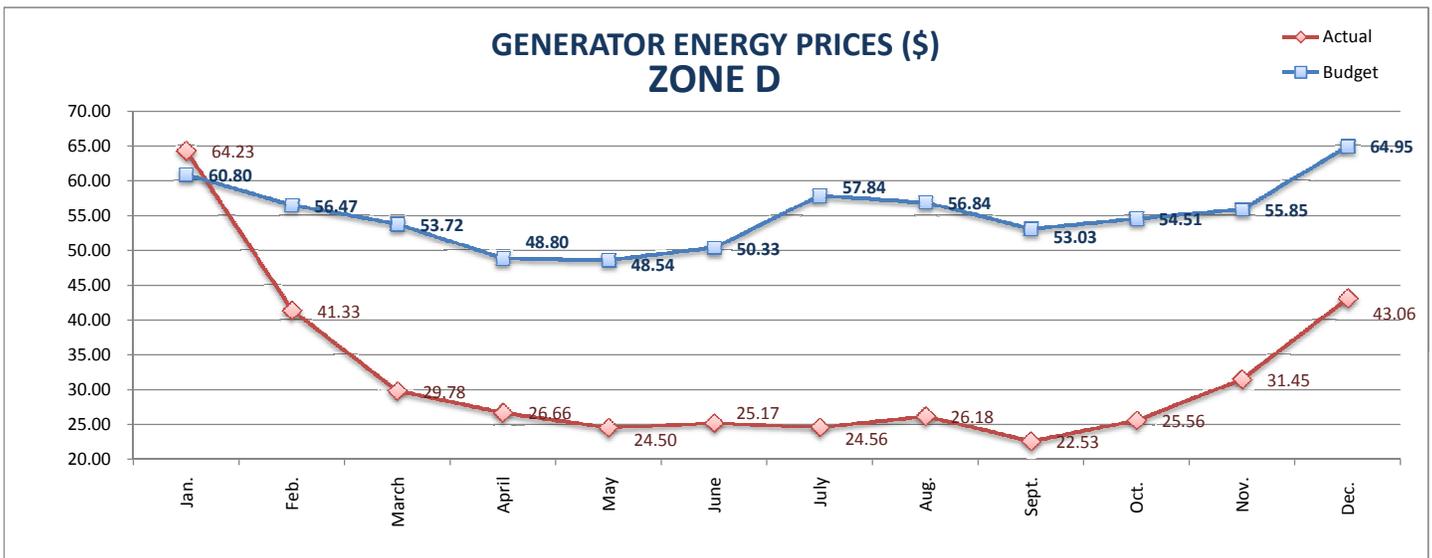
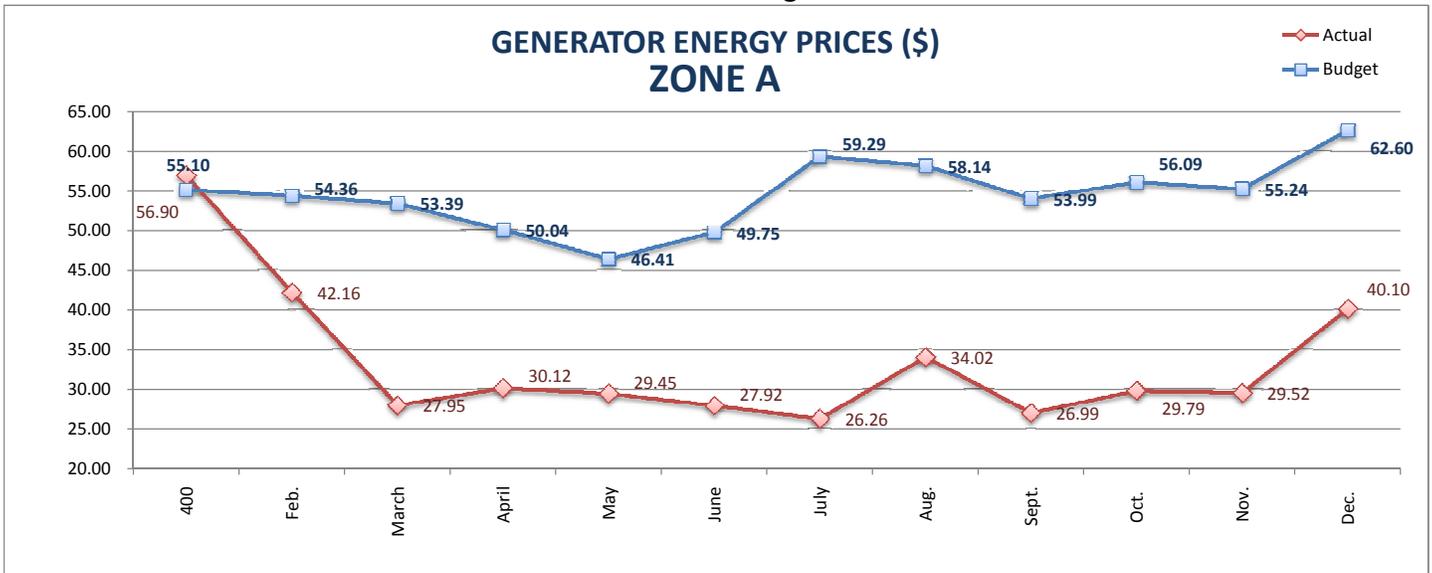


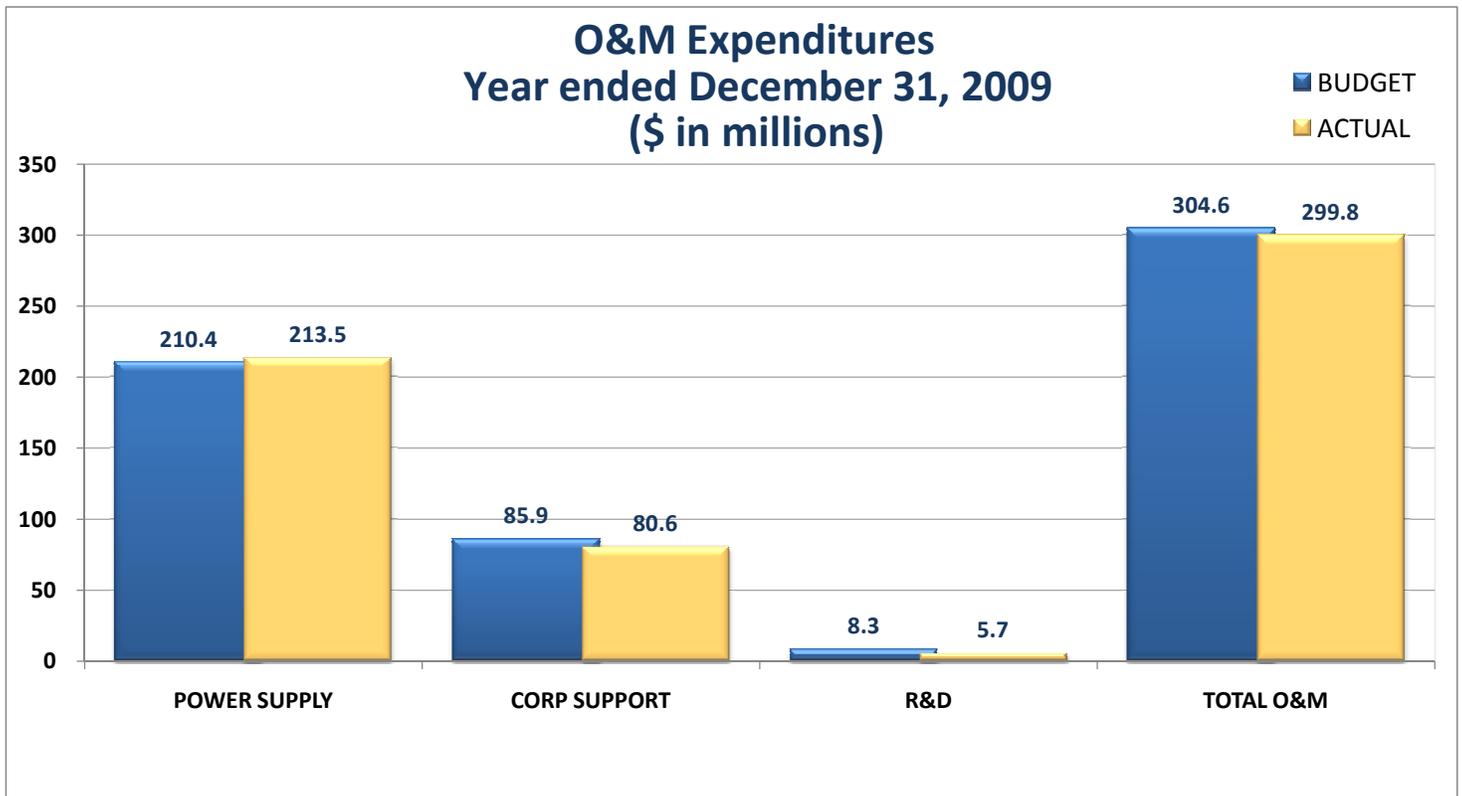
REVENUES		
SALES (MWH)		
	BUDGET	ACTUAL
Hydro*	2,522,765	2,964,992
Fossil	4,986,732	5,419,712
MSP	538,826	811,484
TOTAL	8,048,323	9,196,188
PRICES (\$/MWH)		
Hydro*	\$64.43	\$35.34
Fossil	\$124.00	\$87.01
MSP	\$50.22	\$33.82
AVERAGE	\$100.39	\$64.54

* Includes Niagara, St. Lawrence, B-G, and Small Hydro.

REVENUES		
SALES (MWH)		
	BUDGET	ACTUAL
Niagara	1,312,021	1,361,308
St. Law.	233,332	1,153,027
PRICES (\$/MWH)		
Niagara	\$56.94	\$35.08
St. Law.	\$53.24	\$28.18

COSTS		
PURCHASES (MWH)		
	BUDGET	ACTUAL
Hydro	2,271,906	1,125,348
SENY	9,183,916	9,597,180
Other	3,257,005	3,128,906
TOTAL	14,712,827	13,851,434
COSTS (\$/MWH)		
Hydro	\$36.41	\$22.10
SENY	\$69.07	\$59.89
Other	\$55.99	\$40.70
AVERAGE	\$61.13	\$52.48

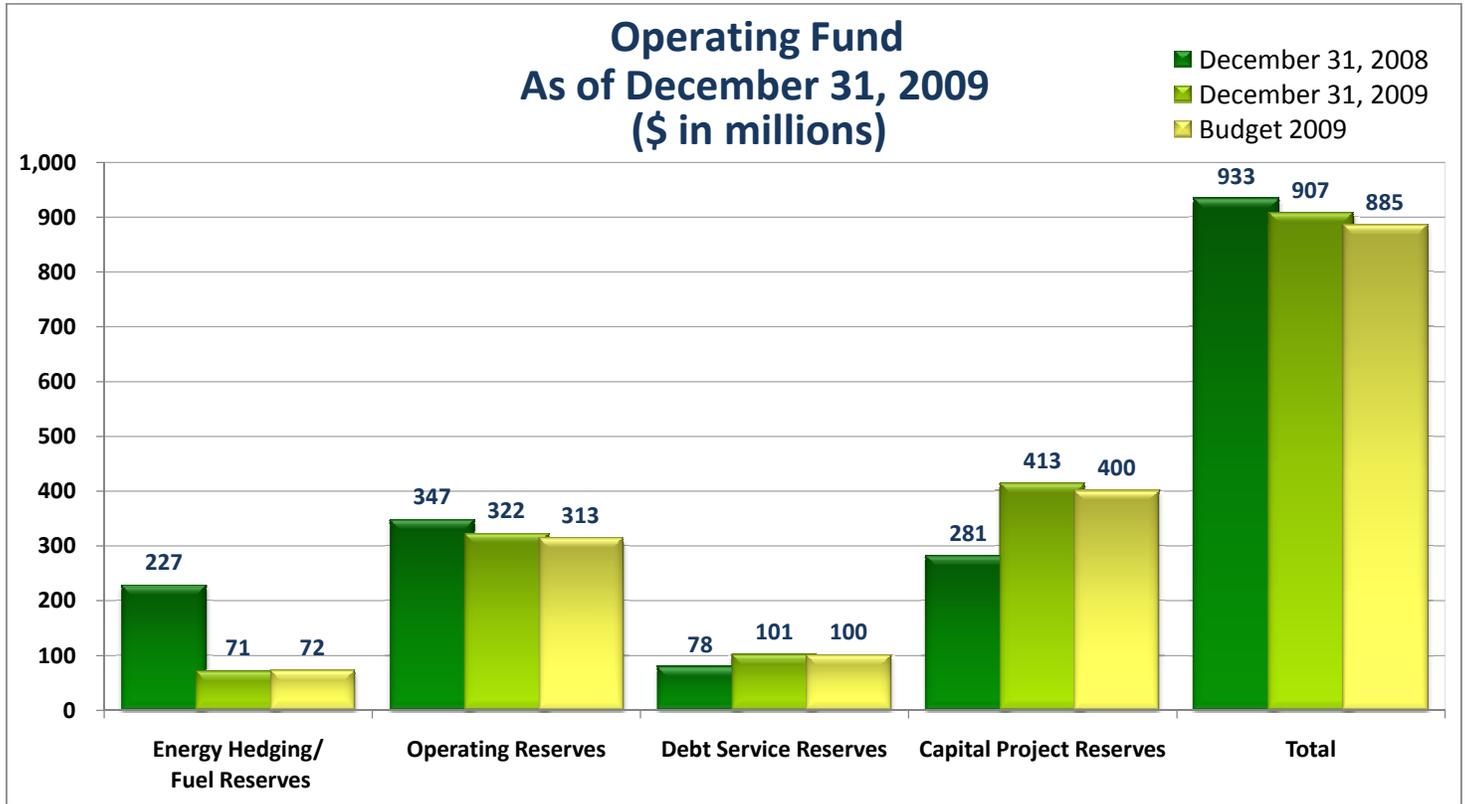
RESULTS OF OPERATIONS
**Energy Prices
Actual vs Budget**




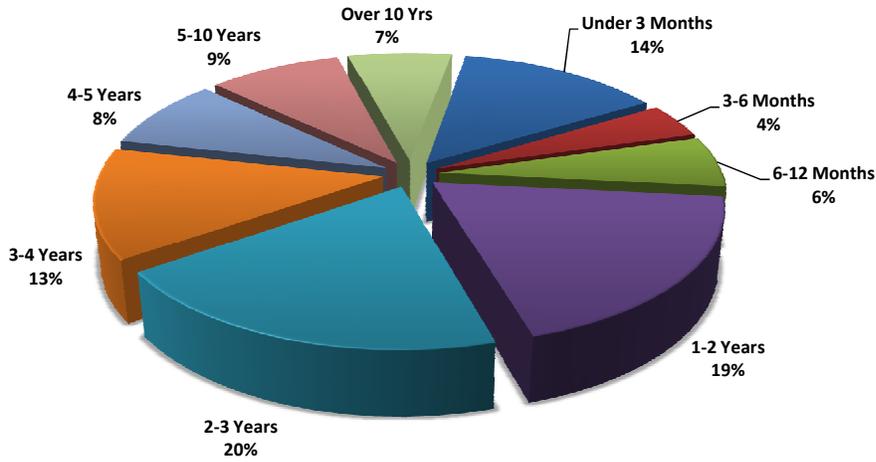
- For 2009, O&M expenses were \$4.8 lower than the budget.
- Corporate Support expenses were under budget by \$5.3 due mostly to under spending for outside consultants, Energy Efficiency Program Evaluation and HR outside service programs in addition to greater than expected HQ building rental income.
- Power supply expenditures were \$3.1 higher than budgeted due to higher expenditures at the SCPP's (unplanned outage at Harlem River #2) and Poletti (emergent contractor costs).
- R&D expenses were under budget due to lower than expected spending for power generation technology improvements and transmission technology programs.

Other significant variances

The \$5.3 favorable variance in non-operating income results primarily from lower interest expense partially offset by a higher than anticipated mark-to-market loss on the authority's investment portfolio. The under-run in 2009 interest expense versus budget was the result of lower than anticipated interest costs associated with NYPA's \$800 million variable rate debt program. As a result of continued weak economic conditions, including limited credit and liquidity, the Fed has supported the markets with accommodative monetary policy by leaving the Fed Funds Target Rate between 0 - 25 basis points. Because short-term rates trade in relation to the Fed Funds Rate, NYPA's variable rate debt program experienced unusually low interest costs.

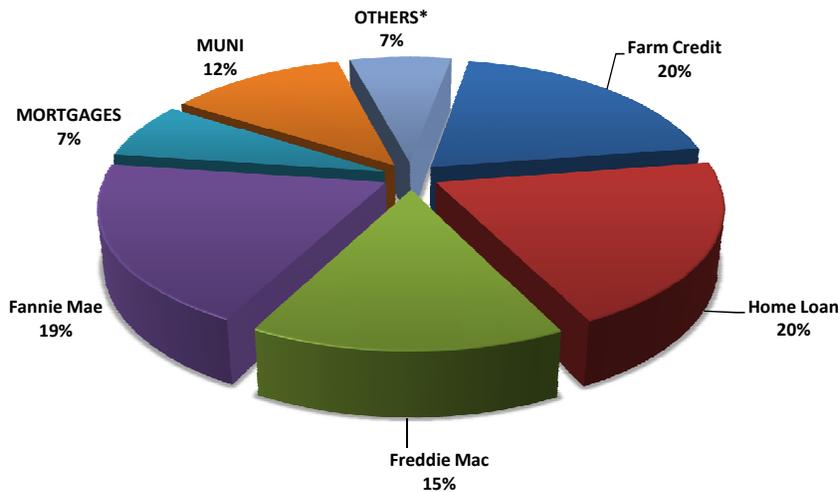


The decrease in the Energy Hedging/Fuel Reserve balance for the year resulted primarily from a \$215 Temporary Asset Transfer to NY State as authorized by the Trustees on February 3, 2009. The December balance of \$71 represents the unallocated portion of the Energy Reserve Hedging Fund (\$70) plus the balance in the Nuclear Spent Fuel Fund (\$1). In September, a \$103 Temporary Asset Transfer was made from the Capital Project Reserve to NY State as authorized by the Trustees on February 3, 2009 and as reaffirmed on July 29, 2009. The total \$318 temporary asset transfer to NY State is classified on the balance sheet as a long-term receivable. In addition, in January of this year, a voluntary contribution of \$119 was made to NY State.

**Maturity Distribution
As of December 31, 2009**

MATURITY DISTRIBUTION

(\$ in millions)

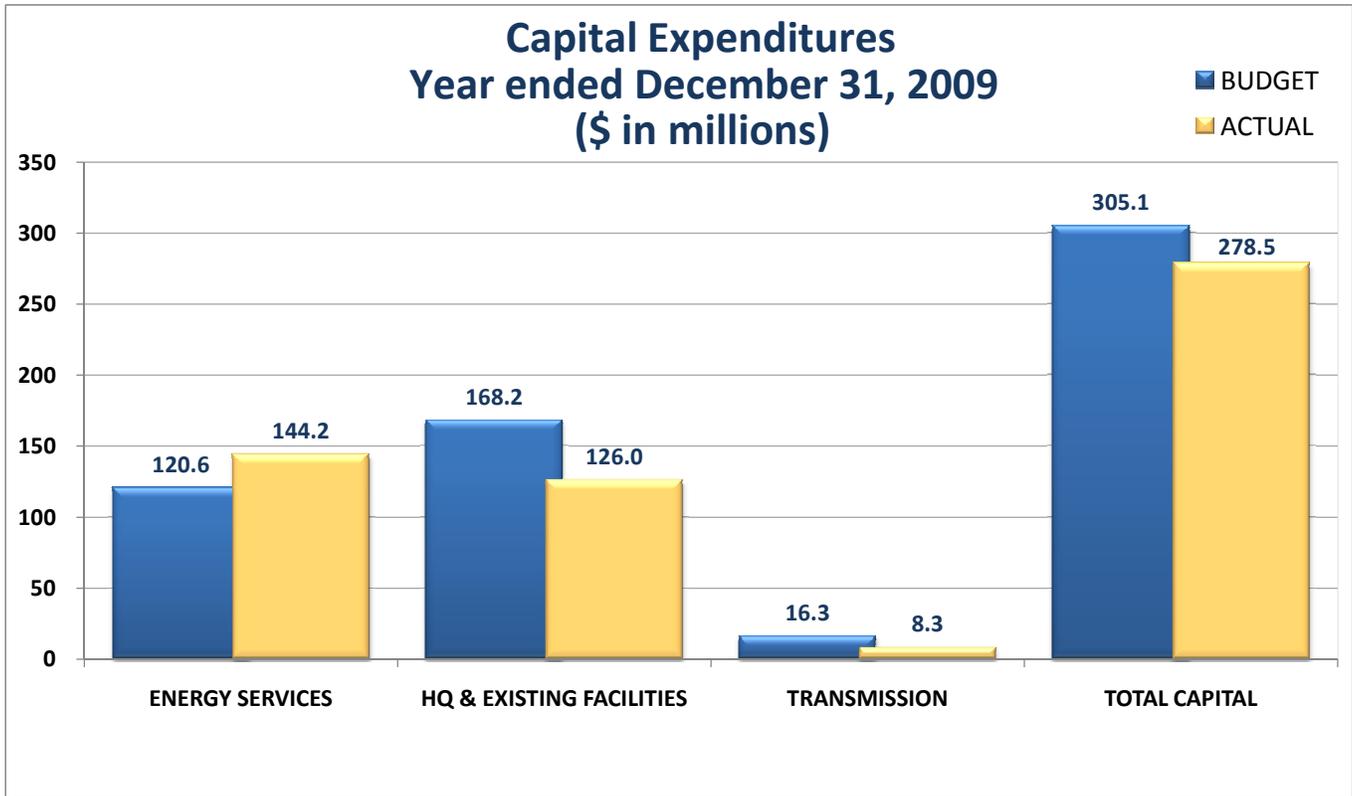
Under 3 Months	149.8
3-6 Months	46.0
6-12 Months	67.6
1-2 Years	208.9
2-3 Years	217.8
3-4 Years	146.0
4-5 Years	94.4
5-10 Years	97.8
Over 10 Yrs	76.3
Total	1,104.7

**Asset Allocation
As of December 31, 2009**

ASSET ALLOCATION

(\$ in millions)

Farm Credit	218.7
Home Loan	222.2
Freddie Mac	165.2
Fannie Mae	215.9
MORTGAGES	76.8
MUNI	130.7
OTHERS*	75.3
Total	1,104.7

*Includes CDs and Repos

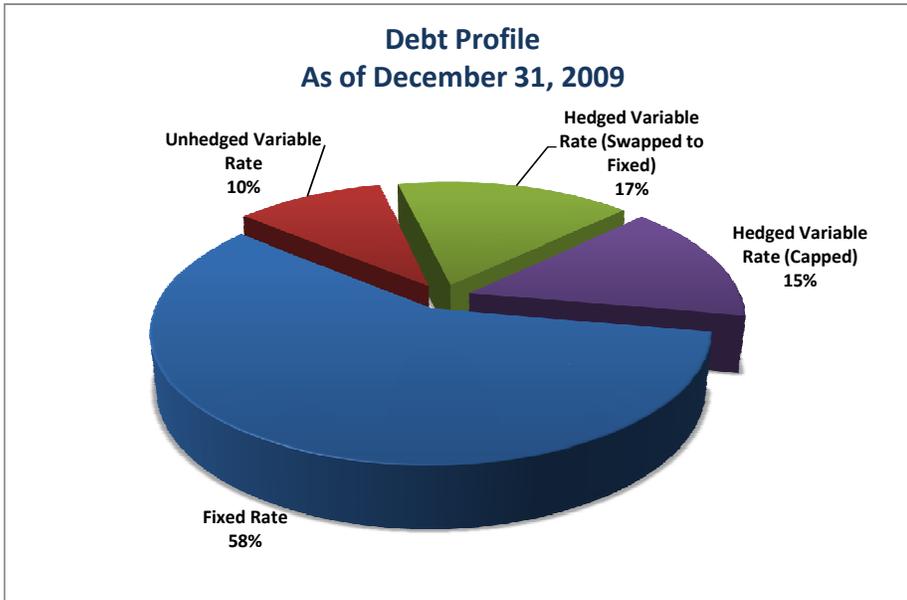


- Lower capital expenditures at HQ and Existing Facilities were primarily due to delays in various projects such as the St. Lawrence LEM and Relicensing, and timing underruns in the Niagara unit 4 standardization.
- Energy Services expenditures exceeded the budget due to accelerated construction activity related to NYCHA's Castle Hill Boiler and CUNY & Brooklyn College Steel Trap Replacement Project.
- Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$20.5 for 2009. There were no new expenditures authorized this month.

Debt activity for the year ended December 31, 2009 (\$ in millions)

	Beginning Balance	New Issues	Scheduled Retirements	Additional Retirements	Ending Balance
Fixed Rate Debt	\$1,210.8	-	\$37.4	-	1,173.4
Variable Rate Debt	594.8	69.3	132.6	.2	531.3
Variable Rate Energy Svcs Debt	290.7	125.2	-	107.1	308.8
Sub-total Variable Rate Debt	885.5	194.5	132.6	107.3	840.1
Total	\$2,096.3	\$194.5	\$170.0	\$107.3	\$2,013.5

DEBT



DEBT PROFILE	
(\$ in millions)	
Fixed Rate	1,173.4
Unhedged Variable Rate	208.4
Hedged Variable Rate (Swapped)	331.7
Hedged Variable Rate (Capped)	300.0
Total	2,013.5

Interest Rate Derivatives

The Authority periodically enters into Interest Rate Swaps and Caps to manage interest rate volatility associated with variable rate debt and to hedge future debt issuance. Each transaction is individually approved by the Board of Trustees and is governed by an ISDA Master Agreement and Schedule to the Agreement with authorized Counterparties. The SVP – Corporate Planning & Finance and the Treasury department, in consultation with the Authority’s financial advisor Public Financial Management, continually monitor market conditions for potential hedging strategies that may benefit the Authority and its customers. All transactions are competitively bid by the swap advisory unit of Public Financial Management.

Open Positions

The 1998B transaction is an interest rate swap that was bid March 13, 1998 with an effective date of November 15, 2002. The swap had the effect of fixing the rate on tax-exempt commercial paper at 5.123% on a forward starting basis. It was one component of the 1998 debt refinancing that reduced debt service costs by \$740 million and allowed the Authority to adopt a new *General Resolution authorizing Revenue Obligations* in preparation for the competitive marketplace.

The ARTN transaction is an interest rate swap that was bid July 27, 2006 with an effective date of September 1, 2006. It allowed the Authority to lock in a 3.7585% synthetic fixed rate on the Adjustable Rate Tender Notes (“ARTN’s”). The synthetic fixed rate was below the historical average rate on the ARTN’s and assured full recovery of financing costs through NYPA’s transmission tariff.

The CP-1 transaction is a 5.90% interest rate cap on the Series 1 Tax-Exempt Commercial Paper. The transaction provides customers participating in the energy services program an interest rate ceiling on their financing rate. The cap is generally bid for a three year term depending on market conditions and pricing.

Summary of Derivative Positions (\$ in millions)

Transaction	Counterparty	Notional Amount*	Effective Date	Type of Swap	Mark-to-Market
1998B	Goldman Sachs Mitsui Marine Derivatives	\$58.2	11/15/2002	Floating-to-Fixed	(\$3.9)
1998B	Merrill Lynch Cap. Srvc	97.1	11/15/2002	Floating-to-Fixed	(6.6)
1998B	Citigroup Financial Prod.	38.8	11/15/2002	Floating-to-Fixed	(2.6)
ARTN	Merrill Lynch Cap. Srvc	137.5	9/1/2006	Floating-to-Fixed	(12.0)
CP - 1	JPMorgan Chase Bank	300.0	8/15/2007	CAP	-
Totals		\$631.6			(\$25.1)

* The notional amount of each SWAP amortizes according to the provisions contained in the transaction documents.

STATEMENT OF NET INCOME*
For the Year Ended December 31, 2009
(\$ in millions)

	Actual	Budget	Variance Favorable/ (Unfavorable)
Net Income by Facility			
Operating Revenues			
Customer	\$1,837.9	\$2,081.9	(\$244.0)
Market-based power sales	603.8	805.4	(201.6)
Ancillary services	41.8	62.3	(20.5)
NTAC and other	104.9	88.0	16.9
Total	750.5	955.7	(205.2)
Total Operating Revenues	2,588.4	3,037.6	(449.2)
Operating Expenses			
Purchased power	823.7	1,060.3	236.6
Fuel consumed - oil & gas	365.2	516.4	151.2
Ancillary services	77.1	95.8	18.7
Wheeling	430.0	441.6	11.6
Operations and maintenance	299.8	304.6	4.8
Depreciation and amortization	164.2	160.7	(3.5)
Other expenses	144.4	115.0	(29.4)
Allocation to capital	(9.2)	(10.4)	(1.2)
Total Operating Expenses	2,295.2	2,684.0	388.8
Net Operating Revenues	293.2	353.6	(60.4)
Nonoperating Revenues			
Post nuclear sale income	89.8	89.8	-
Investment income	53.5	43.9	9.6
Mark to market - investments	(12.9)	(3.7)	(9.2)
Total Nonoperating Revenues	130.4	130.0	.4
Nonoperating Expenses			
Contributions to New York State	70.0	70.0	-
Interest and other expenses	100.7	105.7	5.0
Total Nonoperating Expenses	170.7	175.7	5.0
Net Nonoperating Income (Loss)	(40.3)	(45.7)	5.4
Net Income (Loss)	\$252.9	\$307.9	(\$55.0)

* Preliminary amounts subject to adjustment based on the true-up of estimated sales and accruals.

**New York Power Authority
Financial Reports**

**COMPARATIVE BALANCE SHEETS
December 31, 2009
(\$ in millions)**

Assets	December 2009	December 2008
Current Assets		
Cash	\$0.1	\$0.1
Investments in government securities	913.4	961.1
Interest receivable on investments	5.9	7.1
Accounts receivable - customers	157.7	159.0
Materials and supplies, at average cost:		
Plant and general	82.3	84.5
Fuel	21.7	38.6
Prepayments and other	108.7	188.6
Total Current Assets	1,289.8	\$1,439.0
Noncurrent Assets		
Restricted Funds		
Investment in decommissioning trust fund	948.1	811.8
Other	94.1	99.8
Total Restricted Funds	1,042.2	911.6
Capital Funds		
Investment in securities and cash	189.2	215.2
Total Capital Funds	189.2	215.2
Net Utility Plant		
Electric plant in service, less accumulated depreciation	3,347.8	3,370.6
Construction work in progress	145.8	157.6
Net Utility Plant	3,493.6	3,528.2
Other Noncurrent Assets		
Receivable - NY State	318.0	-
Deferred charges, long-term receivables and other	561.8	503.3
Notes receivable - nuclear plant sale	170.1	182.2
Total other noncurrent assets	1,049.9	685.5
Total Noncurrent Assets	5,774.9	5,340.5
Total Assets	\$7,064.7	\$6,779.5
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$912.3	\$924.8
Short-term debt	287.8	272.5
Total Current Liabilities	1,200.1	1,197.3
Long-term Debt		
Revenue bonds	1,192.7	1,233.0
Adjustable rate tender notes	137.5	144.0
Commercial paper	414.8	469.0
Total Long-term Debt	1,745.0	1,846.0
Other Noncurrent Liabilities		
Nuclear plant decommissioning	948.1	811.8
Disposal of spent nuclear fuel	215.8	215.5
Deferred revenues and other	136.0	142.0
Total Other Noncurrent Liabilities	1,299.9	1,169.3
Total Noncurrent Liabilities	3,044.9	3,015.3
Total Liabilities	4,245.0	4,212.6
Net Assets		
Accumulated Net Revenues - January 1	2,566.8	2,268.4
Net Income	252.9	298.5
Total Net Assets	2,819.7	2,566.9
Total Liabilities and Net Assets	\$7,064.7	\$6,779.5

SUMMARY OF OPERATING RESERVE CASH FLOWS
For the Year Ended December 31, 2009
(\$ in millions)

Operating Reserve	
Opening	\$347.0
Closing	322.0
	<hr/>
Increase/(Decrease)	(25.0)
 Net Cash Generated from Operations	
Niagara	193.5
St. Lawrence	70.8
Blenheim-Gilboa	(1.5)
SENY	121.3
SCPP	(3.5)
Market Supply Power	(40.7)
Flynn	20.3
Transmission Facilities	66.2
	<hr/>
Total Net Cash Generated from Operations	426.4
 (Uses)/Sources	
Utility Plant Additions	(87.9)
Debt Service (Principal & Interest)	(125.8)
Investment Income	37.1
Fuel Margin Reserves	(18.4)
Entergy Payment (Value Sharing Agreements)	72.0
Entergy Payment (IP2 Purchase Agreement)	10.0
Entergy Payment (Nuclear Plant Sale)	20.0
Voluntary Contribution to NY State	(119.0)
Cost Recovery Payment to NY State	(5.6)
Capital Project Reserve	(235.0)
Other	1.2
	<hr/>
Total (Uses)/Sources	(451.4)
 Net Decrease in Operating Reserve	 (25.0)

e. Executive Vice President and General Counsel –
Special Report on PAAA

Ms. Brown provided an overview of the governance provisions of the recently enacted changes to the Public Authorities Law (attached as Exhibit “A”). She said that she will cover the compliance provisions of the legislation at the February Trustees’ Meeting and the new reporting requirements at the March Trustees’ Meeting.

Among the new governance provisions:

- *Authority Trustees must execute acknowledgements of their fiduciary duties with respect to the Authority.*
- *The Trustees are now responsible for oversight of all management personnel (not just senior management).*
- *Expanded responsibilities for the Audit and Governance Committees.*
- *Since the Authority issues bonds, it must establish a Finance Committee of the board.*
- *There is no longer a prohibition against a board member serving as the Chief Executive Officer.*
- *The Chief Executive Officer and Chief Financial Officer must certify that they have reviewed the purchase of assets for more than fair market value, as well as the sale of assets for less than fair market value. The entire board must approve the sale of assets for less than fair market value.*

In response to a question from Vice Chairman Foster, Ms. Brown said that the new law goes into effect on March 1, 2010. She asked the Trustees to review the new provisions and to contact her with any questions.

In response to a question from Chairman Townsend, Ms. Brown said that the Authority Budget Office would be working with the Office of the New York State Attorney General to develop an oath for authority board members to sign, but that she wasn’t sure of the timing for this.

Ms. Karen Delince said that Ms. Brown had asked her to explain that the next three items were being presented to the Trustees pursuant to Section 2879 of the Public Authorities Law and the Authority's Expenditure Authorization Procedures and Guidelines for Procurement Contracts.

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority's Expenditure Authorization Procedures ("EAPs") require the Trustees' approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder.

Amendments to the Public Authorities Law:

Governance Issues

Amendments to the Public Authorities Law: Governance Issues

Chapter 506 of the Laws of 2009 (“Chapter 506”) makes several important changes to the Public Authorities Law (“PAL”) that will impact public authority governance.

Those changes include the following:

- The PAL now imposes a fiduciary duty on authority board members, and board members must execute an acknowledgment in a form prescribed by the new Authorities Budget Office (“ABO”) in which the member acknowledges that he or she understands his or her role, fiduciary responsibilities and duty of loyalty and care to the organization and commitment to the authority’s mission and the public interest.
- Board members are now responsible to exercise oversight over all authority management personnel, not simply senior management personnel.
- New requirements apply to the composition of public authority governance and audit committees, and the responsibilities of the governance committee are expanded to include examination of ethical and conflict of interest issues, performance of board self-evaluations and recommendation of by-laws which include rules and procedures for conduct of board business.
- Authority boards must establish a finance committee that will have responsibility to review proposals for the issuance of debt and make recommendations to the board.
- The appointment of NYPA’s chief executive officer (“CEO”) is subject to confirmation by the Senate which must act within specified time frames otherwise the appointment is deemed approved.

Amendments to the Public Authorities Law: Governance Issues

- The prohibition against an authority board member serving simultaneously as the authority's CEO, executive director, chief financial officer, or comptroller, or holding any other equivalent position, is eliminated. However, a board chair who is also the authority's CEO may not participate in determining the level of compensation or reimbursement, or time and attendance rules for the position of CEO.
- The CEO and chief financial officer ("CFO") of an authority must certify that they have reviewed the terms of any (1) purchase of assets by the authority in excess of fair market value, and (2) sale of any authority assets for less than fair market value, and have determined that the purchase or sale complies with applicable law and authority procurement guidelines.
- An authority's board must approve the disposal of authority property for less than fair market value based, and make a written determination based on specific information that there is no reasonable alternative to the below market transfer that would achieve the same purpose of the transfer.

The changes made by Chapter 506 are effective March 1, 2010, except that the provisions governing Senate confirmation of the specified authority CEOs do not apply to any CEO appointed prior to March 1, 2010.

Amendments to the Public Authorities Law: Governance Issues

Board member responsibilities; authority committees (PAL § 2824)

- 1. Board members of state and local authorities shall (a) execute direct oversight of the authority's chief executive and other ~~senior~~ management in the effective and ethical management of the authority; (b) understand, review and monitor the implementation of fundamental financial and management controls and operational decisions of the authority; (c) establish policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and ~~senior~~ management; (d) adopt a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law; (e) establish written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; ~~and~~ (f) adopt a defense and indemnification policy and disclose such plan to any and all prospective board members; **(g) perform each of their duties as board members, including but not limited to those imposed by this section, in good faith and with that degree of diligence, care and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the authority, its mission and the public; (h) at the time that each member takes and subscribes his or her oath of office, or within sixty days after the effective date of this paragraph if the member has already taken and subscribed his or her oath of office, execute an acknowledgment, in the form prescribed by the authorities budget office after consultation with the attorney general, in which the board member acknowledges that he or she understands his or her role, and fiduciary responsibilities as set forth in paragraph (g) of this subdivision, and acknowledges that he or she understands his or her duty of loyalty and care to the organization and commitment to the authority's mission and the public interest.**

Amendments to the Public Authorities Law: Governance Issues

3. No chair who is also the chief executive officer shall participate in determining the level of compensation or reimbursement, or time and attendance rules for the position of chief executive officer.

4. Board members of each state and local authority, or subsidiary thereof, shall establish an audit committee to be comprised of **not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the audit committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the audit committee, provided that the independent members must constitute a majority of the members of the audit committee.** The committee shall recommend to the board the hiring of a certified independent accounting firm for such authority, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.

Amendments to the Public Authorities Law: Governance Issues

- 5. Notwithstanding any provision of any general, special or local law, municipal charter or ordinance to the contrary, no board of a state or local authority shall, directly or indirectly, *including through any subsidiary, extend or maintain credit, arrange for the extension of credit,* or renew an extension of credit, in the form of a personal loan to or for any officer, board member or employee (or equivalent thereof) of the authority.
- 6. [~~To the extent practicable, members~~] Members of the audit committee [~~should~~] shall be familiar with corporate financial and accounting practices.

Amendments to the Public Authorities Law: Governance Issues

- 7. Board members of each state and local authority, or subsidiary thereof, shall establish a governance committee to be comprised of **not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the governance committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the governance committee, provided that the independent members must constitute a majority of the members of the governance committee.** It shall be the responsibility of the members of the governance committee to keep the board informed of current best governance practices; to review corporate governance trends; to **[update] recommend updates to** the authority's corporate governance principles; **[and]** to advise appointing authorities on the skills and experiences required of potential board members; **to examine ethical and conflict of interest issues; to perform board self-evaluations; and to recommend by-laws which include rules and procedures for conduct of board business.**
- **8. Board members of each state and local authority, or subsidiary thereof which issues debt, shall establish a finance committee to be comprised of not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the finance committee, provided that the independent members must constitute a majority of the members of the finance committee. It shall be the responsibility of the members of the finance committee to review proposals for the issuance of debt by the authority and its subsidiaries and make recommendations.**

Amendments to the Public Authorities Law: Governance Issues

Removal of board members (PAL § 2827)

- § 2827. Removal of authority members. Except as otherwise provided in this chapter, every member of every authority or commission heretofore or hereafter continued or created by this chapter, except ex-officio members, that is, members whose membership results by virtue of their incumbency of a public office, shall be removable by the public officer or public body which is empowered by this chapter to appoint such authority or commission member, for inefficiency, **breach of fiduciary duty**, neglect of duty or misconduct in office, provided, however, that such member shall be given a copy of the charges against him and an opportunity of being heard in person, or by counsel, in his **or her** defense upon not less than ten days' notice.

Amendments to the Public Authorities Law: Governance Issues

Senate confirmation (PAL §§ 1004, 2852)

- § 1004. Officers and employees; expenses. The trustees shall choose from among their own number a chairman and vice-chairman. They shall [~~from time to time~~] select such officers and employees, including a chief executive officer **whose appointment shall be subject to confirmation by the senate in accordance with section twenty-eight hundred fifty-two of this chapter**, and such engineering, marketing and legal officers and employees, as they may require for the performance of their duties and shall prescribe the duties and compensation of each officer and employee. They shall adopt by-laws and rules and regulations suitable to the purposes of this title. As long as and to the extent that the authority is dependent upon appropriations for the payment of its expenses, it shall incur no obligations for salary, office or other expenses prior to the making of appropriations adequate to meet the same.
- **§ 2852. Senate confirmation of certain chief executive officers. Where the appointment of any chief executive officer is subject to confirmation by the senate pursuant to subdivision five of section sixteen hundred seventy-eight of this chapter, subdivision six of section three hundred fifty-four of this chapter, section one thousand four of this chapter, or subdivision (c) of section one thousand twenty-f of this chapter the senate shall vote to confirm any such appointment within sixty days of its submission to the senate during session, or if such submission is made when the senate is not in session, within seven days of the convening for session. If the senate fails to vote to confirm any such appointment within the time prescribed in this section, such appointment shall be deemed confirmed without any further action by the senate.**

Amendments to the Public Authorities Law: Governance Issues

Dual office holding (PAL § 2824(3))

- ~~[3. No board member, including the chairperson, shall serve as a public authority's chief executive officer, executive director, chief financial officer, comptroller, or hold any other equivalent position while also serving as a member of the board.]~~
- **3. No chair who is also the chief executive officer shall participate in determining the level of compensation or reimbursement, or time and attendance rules for the position of chief executive officer.**

Amendments to the Public Authorities Law: Governance Issues

CEO and CFO certifications (PAL § 2800(1)(a)(16)(3))

- Chapter 506 makes the following changes to PAL § 2800(1). The changes to subparagraph 16, particularly clause (iii), are relevant to property transfers.
- 1. State authorities. (a) For the purpose of furnishing the state with systematic information regarding the status and the activities of public authorities, every state authority continued or created by this chapter or any other chapter of the laws of the state of New York shall submit to the governor, the chairman and ranking minority member of the senate finance committee, the chairman and ranking minority member of the assembly ways and means committee ~~and~~, the state comptroller, **and the authorities budget office**, within ninety days after the end of its fiscal year, a complete and detailed report or reports setting forth: (1) its operations and accomplishments; (2) its ~~receipts and disbursements, or revenues and expenses, during such fiscal year in accordance with the categories or classifications established by such authority for its own operating and capital outlay purposes~~ **financial reports, including (i) audited financials in accordance with all applicable regulations and following generally accepted accounting principles as defined in subdivision ten of section two of the state finance law, (ii) grant and subsidy programs, (iii) operating and financial risks, (iv) current ratings, if any, of its bonds issued by recognized municipal bond rating agencies and notice of changes in such ratings, and (v) long-term liabilities, including leases and employee benefit plans;** (3) ~~its assets and liabilities at the end of its fiscal year including the status of reserve, depreciation, special or other funds and including the receipts and payments of these funds~~ **its mission statement and measurements including its most recent measurement report;** (4) a schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year as part of a schedule of debt issuance that includes the date of issuance, term, amount, interest rate and means of repayment. Additionally, the debt schedule shall also include all refinancings, calls, refundings, defeasements and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule shall

Amendments to the Public Authorities Law: Governance Issues

- also include a detailed list of costs of issuance for such debt; (5) a compensation schedule, in addition to the report described in section twenty-eight hundred six of this title, that shall include, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of one hundred thousand dollars; (5-a) biographical information, not including confidential personal information, for all directors and officers and employees for whom salary reporting is required under subparagraph five of this paragraph; (6) the projects undertaken by such authority during the past year; (7) a listing and description, in addition to the report required by paragraph a of subdivision three of section twenty-eight hundred ninety-six of this article of ~~[(i)]~~ all real property of such authority having an estimated fair market value in excess of fifteen thousand dollars that the authority ~~[intends to dispose of; (ii) all such property held by the authority at the end of the period covered by the report; and (iii) all such property disposed]~~ acquires or disposes of during such period. The report shall contain ~~[an estimate of fair market value for all such property held by the authority at the end of the period and]~~ the price received or paid by the authority and the name of the purchaser or seller for all such property sold or bought by the authority during such period; (8) such authority's code of ethics; ~~[and]~~ (9) an assessment of the effectiveness of its internal control structure and

Amendments to the Public Authorities Law: Governance Issues

- procedures; (10) a copy of the legislation that forms the statutory basis of the authority; (11) a description of the authority and its board structure, including (i) names of committees and committee members, (ii) lists of board meetings and attendance, (iii) descriptions of major authority units, subsidiaries, and (iv) number of employees; (12) its charter, if any, and by-laws; (13) a listing of material changes in operations and programs during the reporting year; (14) at a minimum a four-year financial plan, including (i) a current and projected capital budget, and (ii) an operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance; (15) its board performance evaluations; provided, however, that such evaluations shall not be subject to disclosure under article six of the public officers law; (16) a description of the total amounts of assets, services or both assets and services bought or sold without competitive bidding, including (i) the nature of those assets and services, (ii) the names of the counterparties, and (iii) where the contract price for assets purchased exceeds fair market value, or where the contract price for assets sold is less than fair market value, a detailed explanation of the justification for making the purchase or sale without competitive bidding, and a certification by the chief executive officer and chief financial officer of the public authority that they have reviewed the terms of such purchase or sale and determined that it complies with applicable law and procurement guidelines; and (17) a description of any material pending litigation in which the authority is involved as a party during the reporting year, except that no hospital need disclose information about pending malpractice claims beyond the existence of such claims.
- The certifications are not affirmatively mandated by the PAL but rather are required by implication from their reference in PAL § 2800(1)(a)(16)(3).

Amendments to the Public Authorities Law: Governance Issues

VI. *Board approval for below market sales (PAL 2897(7)(b), (c))*

- 7. Disposal of property for less than fair market value. a. No asset owned, leased or otherwise in the control of a public authority may be sold, leased, or otherwise alienated for less than its fair market value except if:
- (i) the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity;
- (ii) the purpose of the transfer is within the purpose, mission or governing statute of the public authority; or
- (iii) in the event a public authority seeks to transfer an asset for less than its fair market value to other than a governmental entity, which disposal would not be consistent with the authority's mission, purpose or governing statutes, such authority shall provide written notification thereof to the governor, the speaker of the assembly, and the temporary president of the senate, and such proposed transfer shall be subject to denial by the governor, the senate, or the assembly. Denial by the governor shall take the form of a signed certification by the governor. Denial by either house of the legislature shall take the form of a resolution by such house. The governor and each house of the legislature shall take any such action within sixty days of receiving notification of such proposed transfer during the months of January through June, provided that if the legislature receives notification of a proposed transfer during the months of July through December, the legislature may take any such action within sixty days of January first of the following year. If no such resolution or certification is performed within sixty days of such notification of the proposed transfer to the governor, senate, and assembly, the public authority may effectuate such transfer. Provided, however, that with respect to a below market transfer by a local authority that is not within the purpose, mission or governing statute of the local authority, if the governing statute provides for the approval of such transfer by the executive and legislative branches of the political subdivision in which such local authority resides, and the transfer is of property obtained by the authority from that political subdivision, then such approval shall be sufficient to permit the transfer.
- The board approval is not affirmatively mandated by the PAL but rather is required by implication from its reference in PAL § 2897(7)(b) and (c).

Amendments to the Public Authorities Law: Governance Issues

- b. In the event a below fair market value asset transfer is proposed, the following information must be provided to the authority board and the public:
- (i) a full description of the asset;
- (ii) an appraisal of the fair market value of the asset and any other information establishing the fair market value sought by the board;
- (iii) a description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the asset is situated as are required by the transfer;
- (iv) a statement of the value to be received compared to the fair market value;
- (v) the names of any private parties participating in the transfer, and if different than the statement required by subparagraph (iv) of this paragraph, a statement of the value to the private party; and
- (vi) the names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.
- c. Before approving the disposal of any property for less than fair market value, the board of an authority shall consider the information described in paragraph b of this subdivision and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

**3. Information Technology Initiatives –
Capital Expenditure Authorization**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize capital expenditures of \$2,918,000 for the implementation of Information Technology (‘IT’) Initiatives in 2010 as per the Authority’s Expenditure Authorization Procedures (‘EAPs’). These expenditures have been included in the 2010 approved Capital budget.

BACKGROUND

“In accordance with the Authority’s EAPs, the award of non-personal services or equipment purchase contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole source or non-low bidder, requires Trustees’ approval.

“For each of the past 10 years, in concert with the Business Units, IT has developed a list of initiatives designed to meet business needs by taking advantage of evolving technology applications. These application developments have been funded from a capital program called IT Initiatives. This capital program, which has often totaled less than \$3 million annually, has been approved by the Trustees in the Authority’s Capital budget each December with funds later authorized and released by the President and Chief Executive Officer during the budget year. Since the request for 2010 is greater than \$3 million, Trustee approval is requested as per the Authority’s EAPs.

DISCUSSION

“The following lists the 2010 IT Initiatives, along with the estimated cost of each:

- **SAP – LiveLink Document Access** **\$ 650,000**
 The SAP R/3 applications will be interfaced to the existing Document Management System LiveLink. This will allow existing historical transactions to be archived and provide extension of processes such as Accounts Payable and Procurement to integrate paper documents into the system.
 - **Strategy Management Initiative** **\$ 250,000**
 Presentation of and data collection for the various corporate measures used by the dashboard and the Authority’s monthly scorecard will be integrated within the SAP ERP 2005 environment.
 - **Energy Efficiency Initiative** **\$ 200,000**
 A new software solution will be implemented for project management, scheduling and reporting on various projects conducted by Energy Services and Technology. This system will be interfaced with the SAP R/3 environment.
 - **Customer Relationship Management** **\$ 700,000**
 Implementation of new software to provide tools to Marketing, Energy Services and Technology and Public Affairs to maintain customer information, up to date diary of interactions and facilitate letters, mailing and other correspondence.
 - **Internal Labor** **\$ 940,000**
 - **HQ Overhead** **\$ 178,000**
- Total** **\$2,918,000**

FISCAL INFORMATION

“Payments associated with these projects will be made from the Capital Fund.

RECOMMENDATION

“The Chief Information Officer – Information Technology recommends that the Trustees approve the Capital Expenditure Request for \$2,918,000 for Information Technology Initiatives.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Enterprise Shared Services and I concur in the recommendation.”

Ms. Delince said that the Authority’s Expenditure Authorization Procedures (“EAPs”) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million. She said that these proposed Information Technology expenditures totaled just under \$3 million, so the decision had been made to present them to the Trustees for their approval.

Mr. Dennis Eccleston presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Nicandri, Mr. Eccleston said that LiveLink was for Authority internal document management rather than for customer interaction.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That Capital Expenditures are hereby approved in accordance with the Authority’s Expenditure Authorization Procedures, as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
Information Technology Initiatives 2010	<u>\$2,918,000</u>

AND BE IT FURTHER RESOLVED, That the Acting Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

4. Niagara Power Project – New Niagara Warehouse and Office Complex Project – Capital Expenditure Authorization and Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize capital expenditures in the amount of \$23.5 million and approve the award of a two- year contract to SLR Contracting & Service Company, Inc. (‘SLR’) of Buffalo, New York, in the amount of \$16,660,000 for the construction of the New Niagara Warehouse and Office Complex Project (‘Project’) located between Witmer Road and the Power Authority Service Drive in the Towns of Lewiston and Niagara.

BACKGROUND

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of construction contracts in excess of \$3 million and contracts exceeding one year require the Trustees’ approval.

“As part of the ‘Good Neighbor Agreement’ between the Authority and Niagara University (‘NU’), the Authority has agreed to build a new warehouse and transfer the existing warehouse to NU by May 1, 2012. NU has turned over a 6.5 acre parcel of land for the Authority’s use to construct the new warehouse located along Witmer Road, in the Towns of Lewiston and Niagara. Logistics Consultants Inc. developed a design criteria and full material handling specifications for the new warehouse. Based on these documents, Nelson Associates Architectural Engineering completed the detailed design. Construction of the new facility will be completed by July 1, 2011.

DISCUSSION

“In 2008, funding in the amount of \$1,750,000 was approved for Logistics Consultants, Inc. (‘LCI’) to provide the design criteria for the new warehouse and for Nelson Associates Architectural Engineers (‘NAAE’) to perform the detailed engineering. The funding also provided for the environmental testing of the soils for the warehouse parcel and utility corridor and Authority personnel support for these activities. As planned, LCI provided a design criteria and renderings in June 2008. The design criteria were issued for bid of the detailed design in July 2008. NAAE was the low bidder and provided a detailed design for the warehouse parcel and utility corridor that was issued for construction bids in July 2009. Bids were received in October 2009 and were evaluated by the evaluation committee. Meetings were held with the Towns of Niagara and Lewiston planning boards to receive approval to connect utilities of the new warehouse to the respective Towns. The Town of Lewiston granted the Authority the ability to connect to their sewer system and the Town of Niagara granted the Authority the ability to connect to their potable water system.

“In order to allow for the construction of the Project in accordance with the prescribed construction schedule, the Trustees are requested to approve the CEAR with the costs outlined below.

The total Project cost is estimated at \$23.5 million, as follows:

Preliminary Engineering and Design	\$ 145,000
Detailed Engineering, Design and Permitting	\$ 1,054,000
Procurement of Equipment and Furniture	\$ 3,474,000
Total Construction/Installation	\$16,898,000
Authority Indirect and Direct Expenses	<u>\$ 1,906,000</u>
TOTAL	<u>\$23,477,000</u>

“Included in the total construction/installation cost are items for the decommissioning of the existing warehouse, moving of inventory and server equipment from the existing warehouse to the new warehouse by the Authority and other contractors. These costs will not be part of SLR’s contract but are provided for in the CEAR.

CONSTRUCTION CONTRACT

“An RFP was published in the NYS Contract Reporter on July 27, 2009 for the construction of the Project. One hundred and seventy six companies downloaded the RFQ from the Authority’s website. Six Addendums were issued from August 31, 2009 through October 1, 2009, clarifying questions and providing additional information in support of this Project. On October 6, 2009, seven proposals were received from the following bidders:

As Received Firm Lump Sum Prices:

<u>Vendor</u>	<u>Price Bid</u>	<u>Options</u>	<u>Total</u>
SLR Contracting	\$16,320,000	\$340,000	\$16,660,000
Savarino Companies, LLC	\$16,632,000	\$183,000	\$16,815,000
Scrufari Construction Co., Inc.	\$16,670,000	\$326,400	\$16,996,400
L.P. Ciminelli Construction Corp.	\$16,831,200	\$233,000	\$17,064,200
Sicoli and Massaro	\$17,308,000	\$ 14,000	\$17,322,000
Concept	\$17,690,000	\$597,300	\$18,287,300
Walter S. Johnson	\$19,105,000	\$697,000	\$19,802,000
Fair Cost Estimate	\$21,539,096	\$383,400	\$21,922,496

“On November 10, 2009, post bid addendum #1 was issued requesting pricing for the construction of the sewer tie-in to the Town of Lewiston through NU’s property.

“On December 9, 2009, post bid addendum #2 was issued extending the construction completion date to July 1, 2011 from the previously scheduled completion date of December 31, 2010. This change was negotiated with NU so that additional changes required by NU could be incorporated without having to compress the schedule and avoid additional costs.

“The total project cost to be awarded to SLR includes options for the sewer tie-in, a new duct bank and equipment related to HVAC, warehousing and conveying systems that are detailed in the CEAR and bid proposal.

“The proposals were reviewed by an evaluation committee comprising staff from Niagara, Project Management, Engineering and Procurement, as well as the Authority’s consultant, NAAE.

“SLR a NYS Certified M/WBE was the lowest priced qualified bidder. SLR will be providing a full-time staff on site for the duration of the project, including a Project Manager, Construction Quality Control Manager, Project Superintendent, Site Safety and Health Officer and Project Administrator. SLR’s financial stability is also acceptable based on Dunn and Bradstreet Reports. SLR is able to meet the required schedule for this project while maintaining strict safety and quality.

“The money for the 2010 expenditure is included in the 2010 capital budget request.

FISCAL INFORMATION

“Payment associated with this Project will be made from the Authority’s Capital Fund.

RECOMMENDATION

“The Senior Vice President – Power Supply Support Services, the Vice President – Procurement, the Vice President – Engineering, the Regional Manager – Western New York and the Vice President – Project Management recommend that the Trustees authorize capital expenditures of \$23.5 million and award of a contract to SLR of Buffalo, New York for \$16,660,000 to complete construction of the New Warehouse and Office Complex.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer – Power Supply and I concur in the recommendation.”

Ms. Delince said that this item was being presented to the Trustees for their approval in accordance with Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts, which require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year, as well as the Authority’s Expenditure Authorization Procedures, which require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million. The proposed two-year contract is for \$16.66 million.

Mr. John Canale presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Curley, Mr. Canale said that SLR Contracting & Service Company, Inc. is a New York State-certified Minority/Women-Owned Business Enterprise. Responding to a question from Chairman Townsend, Mr. Canale said that the Fair Cost Estimate was derived by the Authority’s cost-estimating group, which received the same package as the potential bidders but did not see the bids submitted in response to the RFP. He said that staff did not consider the greater-than-20% differential between the Fair Cost Estimate and the winning bid a cause for concern because the bidders had been interviewed to ensure that they understood what was involved in the project.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That expenditures are hereby approved in accordance with the Authority’s Expenditure Authorization Procedures, for capital expenditures in the amount of \$23.5 million and a contract award to SLR Contracting & Service Company, Inc., Buffalo, New York for \$16,660,000 to complete the construction of the New Niagara Warehouse and Office Complex; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**5. Renewable Energy and Clean Transportation
Maintenance Services – Contract Awards**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve contracts with the firms of Mercury Solar Systems, Inc. of Port Chester, New York and RDS Industries, Inc., of Flushing, New York for an initial amount of \$975,000 in aggregate for the provision of mechanical, civil and electrical maintenance services for rooftop-mounted solar photovoltaic systems and other renewable energy and clean transportation vehicles and infrastructure in various locations throughout New York State. The terms for these contracts will be three years with an option for two additional years.

BACKGROUND

“Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts in excess of \$3,000,000, as well as personal services contracts in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, requires the Trustees’ approval.

“The Authority has installed over 35 solar photovoltaic systems, 15 fuel cell systems and has placed into service a variety of electric drive vehicles at various customer and stakeholder locations across New York State. Many of these systems require specialized infrastructure and technical services to maintain reliability over their operating life.

DISCUSSION

“In November 2009, the Authority issued a bid for maintenance services for solar photovoltaic, fuel cell and clean transportation vehicles and infrastructure. One hundred and twelve (112) firms were invited to bid for such services; the contract was also posted in the New York State Contract Reporter. Two bids were received; Mercury Solar Systems and RDS Industries. Based on a review conducted by Authority staff of Mercury Solar and RDS Industries qualifications and experience as electrical contractors and PV installers, in addition to their competitive pricing, staff recommends the award of contracts to Mercury Solar Systems, Inc. and RDS Industries, Inc. The intended term of these contracts is three years with an option for two additional years each, with a total aggregate expenditure of up to \$975,000, subject to the Trustees’ approval.

“The contracts with Mercury Solar Systems, Inc. and RDS Industries, Inc. (**Q-09-4647JB; PO # TBA**) would become effective on February 1, 2010, subject to the Trustees’ approval. The purpose of these contracts is to provide for mechanical, civil and electrical maintenance services for the Authority’s rooftop-mounted solar photovoltaic systems and other renewable energy and clean transportation resources in various locations throughout New York State, predominantly in the New York City metropolitan area, on an ‘as needed’ basis. The contractor’s primary responsibilities include the diagnosis and repair of photovoltaic systems by a licensed electrician with a solid understanding of the technology.

“The issuance of multi-year contracts is recommended from both a cost and efficiency standpoint. In many cases, reduced prices can be negotiated for these longer term contracts. Since these services are typically required on a continuous basis, it is more efficient to award longer term contracts than to rebid these services annually.

FISCAL INFORMATION

“Funding for these contracts will be provided from the Operating Fund. Payments for 2010 are included in the 2010 O&M budget. The total cost of the contracts will not exceed \$975,000.

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology and the Chief Technology Development Officer, recommend that the Trustees approve three-year contract awards with an option of two additional years, in the amount of \$975,000 to Mercury Solar Systems, Inc. and RDS Industries, Inc. for mechanical, civil and electrical maintenance services for rooftop-mounted solar photovoltaic systems and other renewable energy and clean transportation vehicles and infrastructure.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Vice President – Procurement and I concur in the recommendation.”

Ms. Delince said that this item was being presented to the Trustees for their approval in accordance with Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts, which require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. The two contracts included in this item each have three-year terms.

Mr. Richard Hackman presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Nicandri, Mr. Hackman said that two bids, each from New York State firms, were received in response to the RFP.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the Trustees hereby authorize the award of contracts in the amount of up to \$975,000 to Mercury Solar Systems, Inc. and RDS Industries, Inc. for mechanical, civil and electrical maintenance services for rooftop-mounted solar photovoltaic systems and other renewable energy and clean transportation vehicles and infrastructure in various locations throughout New York State; and be it further

RESOLVED, That Operating Fund monies will be used to fund contract costs in the amount and for the purposes listed below:

<u>Operating Funds</u>	<u>Expenditure Authorization (not to exceed)</u>
Three-year contracts with an option for two additional years to Mercury Solar Systems, Inc. and RDS Industries, Inc. for mechanical, civil and electrical maintenance services for rooftop-mounted solar photovoltaic systems and other renewable energy and clean transportation vehicles and infrastructure.	
Total	<u>\$975,000</u>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

6. Resolution – Stephen P. Shoenholz

Mr. Quiniones read a resolution honoring Mr. Shoenholz as he retires after more than three decades of service at the Authority. Trustee Cusack said that Mr. Shoenholz's retirement was a huge loss for the Authority and wished him luck in his future endeavors. Mr. Shoenholz thanked the Trustees for the resolution and Mr. Quiniones for his very generous introduction. He added that, having written a number of such resolutions over the years, he had been very impressed by the high quality of this one. Mr. Shoenholz said that in his nearly 34 years with the Authority he had been fortunate enough to participate in a lot of great Authority accomplishments. He expressed his best wishes for everyone at the Authority.

WHEREAS, Stephen P. Shoenholz is the quintessential example of a dedicated, hard working and experienced professional who has been a mainstay of the New York Power Authority's Public Affairs Department for more than three decades; and

WHEREAS, Mr. Shoenholz held various crucial NYPA positions, starting out in 1976 as Assistant Director of Public Information before steadily rising to the position of Vice President of Public Affairs, in advance of becoming the department's eminence grise, in which he exercised influence over numerous areas of NYPA's external and internal communications; and

WHEREAS, Mr. Shoenholz, as a writer, editor and spokesman, has embodied a standard of excellence that has contributed greatly to people's understanding of the broad and essential contributions the Power Authority makes to New York State's electric power system, economy and environment; and

WHEREAS, Mr. Shoenholz' tremendous knowledge of NYPA, superlative writing and editing skills and tremendous work ethic have contributed to his becoming the Power Authority's resident historian, with those qualities perhaps best exemplified by his authoring of a 75th Anniversary edition in 2006, *Bold Dream...Shining Legacy*, recounting the Authority's history from its founding in 1931 under then-Governor Franklin D. Roosevelt to its becoming the largest state-owned electric utility in the country; and

WHEREAS, Mr. Shoenholz' keen intelligence and other distinctive qualities have led to his working closely with senior management on countless speeches for key constituent groups, as well as policy papers and other significant written materials; and

WHEREAS, before joining the Authority staff, Mr. Shoenholz, a graduate of the Columbia University Graduate School of Journalism, worked for eight years at The Newark News as a sportswriter, foreign correspondent and editorial writer, and then for five years as director of Public Information at Cooper Union College in New York City;

January 26, 2010

WHEREAS, those experiences in journalism and public relations served Mr. Shoenholz well in the various NYPA positions that he held, including those involving extensive interactions with reporters;

WHEREAS, Mr. Shoenholz has been a mentor to numerous NYPA staff members, characterized by his unstinting generosity in sharing knowledge, experience and sage advice; and

WHEREAS, Mr. Shoenholz has made a significant difference for virtually all of the staffers he has come in close contact with, helping to make them wiser and more effective in the performance of what they do on behalf of the Power Authority and New York State; and

WHEREAS, Mr. Shoenholz' honesty, integrity and sense of humor are other standout qualities that have made him so highly esteemed by those fortunate to work with him during his long, exemplary career at NYPA;

NOW THEREFORE BE IT RESOLVED, that the Trustees of the Power Authority of the State of New York extend their deepest appreciation to Mr. Shoenholz for his dedicated service and varied contributions to NYPA and wish him, his wife, Margie, and their wonderful family much health, happiness and success.

January 26, 2010

7. **Motion to Conduct an Executive Session**

Mr. Chairman, I move that the Authority conduct an executive session pursuant to Sections 105(1)(f) of the Public Officers Law of the State of New York to discuss matters leading to the appointment, employment, promotion, discipline, suspension, dismissal or removal of a particular person or corporation. Upon motion made and seconded, an Executive Session was held.

8. **Motion to Resume Meeting in Open Session**

Mr. Chairman, I move to resume the meeting in Open Session. Upon motion made and seconded, the meeting resumed in Open Session.

9. **Amendments to the Authority's By-laws**

The President and Chief Executive Officer submitted the following report

The Trustees are requested to amend the Authority's By-laws for the purpose of: (1) implementing changes necessitated by Chapter 506 of the Laws of 2009, which amended the Power Authority Act and other provisions of the Public Authorities Law; and (2) making other conforming and non-substantive changes.

A redlined version of the proposed amended By-laws is attached as Exhibit "A." Deletions are shown by strikethroughs in brackets; additions are shown by bolded and underscored text. The final version of the proposed amended By-laws is attached as Exhibit "B."

The Chief Operating Officer, the Executive Vice President and General Counsel and I recommend that the Trustees approve the proposed By-laws amendments.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the revisions to the By-laws (originally adopted on April 9, 1954, and last amended on December 15, 2009) discussed in the attached memorandum of the President and Chief Executive Officer and attached hereto as Exhibit "B," be hereby adopted; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Editing Note: This document is for illustrative purposes only. Deletions are shown by strikethrough in brackets; additions are shown by bolded and underscored text.

~~[December 15, 2009]~~
January 26, 2010

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK [DRAFT]**

Statutory Authority
Public Authorities Law §1004

Originally Adopted..... April 9, 1954,
and amended..... July 28, 1954;
September 28, 1956;
May 1, 1961;
December 19, 1966;
July 1, 1968;
April 27, 1978;
November 28, 1978;
October 31, 1979;
December 18, 1984;
January 22, 1985;
October 29, 1985;
April 29, 1986;
February 28, 1989;
February 22, 1994;
April 26, 1994;
August 29, 1995;
December 17, 1996;
September 11, 1997;
December 15, 1998;
October 26, 1999;
November 28, 2000;
April 30, 2002;
February 28, 2006;
April 28, 2006;
April 24, 2007;
October 30, 2007
October 28, 2008
February 24, 2009
December 15, 2009
January 26, 2010

**Power Authority of the State of New York
30 South Pearl Street
Albany, New York 12207**

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

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ARTICLE I – Offices

Section 1. Principal Office

The principal office of the Power Authority of the State of New York (hereinafter referred to as the "Authority") shall be its Albany, New York ~~[Office]~~ office.

Section 2. Other Offices

The Authority may also have offices at such other places as the Trustees may from time to time determine or the business of the Authority may require.

Section 3. Books and Records

Except as otherwise determined by the Trustees~~[,]~~ or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II – Trustees

Section 1. Number, Term, Appointment and Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the Public Authorities Law~~[, Chapter 870, Laws of New York, 1939, as amended]~~ (hereinafter referred to as "Power Authority Act").

Section 2. Powers and Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act ~~[and the applicable provisions of [the Public Authorities Accountability Act of 2005]~~ and other applicable provisions of the Public Authorities Law. To implement these powers and duties, the Trustees shall, among other things, oversee the Authority's chief executive and other ~~[senior]~~ management in the effective and ethical management of the Authority; understand, review and monitor financial, management and operational decisions of the Authority and to review and approve annually the policies and procedures governing: (i) the salary, (ii) compensation, (iii) benefits and (iv) time and attendance of the chief executive and ~~[senior]~~ management.

ARTICLE III - Trustees' Meetings

Section 1. Place of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate.

Section 2. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

Section 3. Regular Meetings

Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chair[man] in consultation with the Trustees.

Section 4. Special Meetings

Special meetings of the Trustees may be called by the Chair[man] or Vice Chair[man] or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section 5. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees.

ARTICLE IV – Officers

Section 1. Officers

The statutory officers of the Authority shall be a Chair[man] and a Vice Chair[man], whose offices are created by and named in Section 1004 of the Public Authorities Law and who shall be chosen from among the Trustees; the non-statutory officers of the Authority shall be a President and Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, an Executive Vice President and General Counsel, a Corporate Secretary, a Treasurer, a Controller, and such other officers as may be deemed necessary by the President and Chief Executive Officer to transact the business and exercise the general and special powers of the Authority, all of whom shall be employees of the Authority.

Section 2. Election and Appointment of [n]Non-Statutory Officers

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President – and Chief Engineer – Power Supply, the Executive Vice President – Chief Administrative Officer, Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Corporate Secretary shall be elected **by the Trustees and may be so elected at any annual, regular or special meeting of the Trustees** [annually at the annual Trustees' meeting. In addition, such officers may be elected from time to time at any regular or special meeting of the Trustees]. All other officers of the Authority shall be appointed by and serve at the pleasure of the President and Chief Executive Officer, except that the Vice President – Internal Audits shall be appointed by and serve at the pleasure of the Audit Committee.

Section 3. Term of Office

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Corporate Secretary, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Executive Vice President – Chief Administrative Officer shall **each** hold office [for

~~a term expiring at the next annual Trustees' meeting or until their successors are elected]~~ **until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.**

Section 4. Vacancies

The Trustees may leave unfilled any office except those of Chair[man], Vice Chair[man], President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, or Corporate Secretary.

Section 5. Removal

Any officer elected by the [board] **Trustees** or appointed pursuant to Section two herein shall be subject to removal at any time by the appointing authority with or without cause.

Section 6. Powers and Duties

A. Chair[man]

The Chair[man] shall preside at all meetings of the Trustees and shall on behalf of the Trustees oversee the Authority's chief executive and [senior] management in the effective and ethical management of the Authority. The Chair[man] may appoint such assistants and employees as he **or she** may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chair[man] may delegate to the Vice Chair[man], President and Chief Executive Officer, or other officer or officers such of the Chair[man's]'s powers and functions in the general supervision of the business of the Authority **to the extent such delegation is consistent with the Power Authority Act and other applicable provisions of law.**

B. Vice Chair[man]

The Vice Chair[man] shall possess such powers and shall perform such duties as may be assigned to him from time to time by the Trustees. The Vice Chair[man] shall be Acting Chair[man] in the absence or incapacity of the Chair[man] and shall assume the powers and perform all duties of the Chair[man] if the Chair[man] is unable to perform such duties for any reason. The Vice Chair[man], when acting in the capacity of Acting Chair[man] under this section, may delegate the powers or duties of Chair[man] to another Trustee or the President and Chief Executive Officer during the period of disability or incapacity of the Chair[man].

C. President and Chief Executive Officer

The President, when elected by the Trustees, shall be the Chief Executive Officer of the Authority and subject to such supervision as the Chair[man] or the Trustees may from time to time exercise, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The President and Chief Executive Officer shall be responsible for developing and implementing the strategic vision and mission of the Authority and for the supervision of all of the Authority's operations. He or she shall have primary responsibility for the Authority's legal and financial matters and the activities of all other Authority business units, except those assigned to the Chief Operating Officer who shall report to the Chief Executive Officer on such matters. The President and Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair[man] and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

D. Chief Operating Officer

The Chief Operating Officer, when elected by the Trustees, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The Chief Operating Officer shall manage and monitor the day-to-day operations of the Authority and shall report on same to the President and Chief Executive Officer. Except as may be prescribed by the Chair[man] or the Trustees, the Chief Operating Officer shall have primary responsibility for the operation and maintenance of all of NYPA's generation and transmission facilities; energy resource management; generation and transmission planning and development; licensing and construction; technical and operational compliance; and environmental health and safety. The Chief Operating Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair[man] and/or the Corporate Secretary. The Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

E. Executive Vice President and Chief Engineer – Power Supply

The Executive Vice President and Chief Engineer – Power Supply shall be responsible for the safe, reliable and cost-effective operation and maintenance of all Authority generating and transmission facilities; all engineering, construction, maintenance and project management services and staff functions of business development and asset management, environmental health and safety, technical training and project development and licensing.

F. Executive Vice President and General Counsel

There shall be an Executive Vice President and General Counsel of the Authority, who shall report to both the Trustees and the President and Chief Executive Officer and be the chief legal officer of the Authority. In that capacity, he or she shall advise and represent the Authority generally in all legal matters and proceedings, including legislative proceedings, shall designate those employees who shall be eligible to accept service of process on behalf of the Authority and possess such powers and shall have general supervision over the property, business and affairs of the Office of the General Counsel. In addition, the Executive Vice President and General Counsel, together with the Chair[man] and Board of Trustees, shall supervise and direct the activities of the Office of the Corporate Secretary and the Vice-President Labor Relations and Chief Ethics and Compliance Officer.

G. Executive Vice President – Chief Administrative Officer

The Executive Vice President – Chief Administrative Officer, shall supervise the Authority's procurement of goods and services, its real estate, fleet management and information technology operations and shall implement and manage its human resource policies.

H. Executive Vice President and Chief Financial Officer

The Executive Vice President and Chief Financial Officer shall supervise and direct the activities of the Business Services Division, give advice to the President and Chief Executive Officer regarding financial and investment policies of the Authority, supervise the Authority's investment program, recommend and implement financial policies of the Authority, participate in the preparation of the financial reports of the Authority required by applicable law.

I. Executive Vice President – Energy Marketing and Business Development

The Executive Vice President – Energy Marketing and Business Development shall manage and direct the Authority's client-based programs, its economic development, energy services and technology, and power resource planning and acquisition activities and the development of new products and programs.

J. Corporate Secretary

The Corporate Secretary shall report to the Chair[man] and Board of Trustees and to the Executive Vice President and General Counsel and attend all meetings of the Trustees and record all votes and shall keep a record of the proceedings of the Trustees in a Minute Book to be kept for that purpose. The Corporate Secretary shall cause notice to be given of all meetings of the Trustees and shall be custodian of the records of the actions of the Trustees and shall keep in safe custody the seal of the Authority and shall have the authority to affix such seal to all documents and papers authorized to be executed by the Trustees or officers of the Authority requiring such seal to be affixed. The Corporate Secretary shall attest to the signatures of the Trustees and officers of the Authority and shall have the authority to cause copies to be made of all minutes, resolutions, records and documents of the Authority and to deliver certificates under seal to the effect that such copies are true and accurate and that all persons dealing with the Authority may rely on same.

K. Treasurer

The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the President and Chief Executive Officer, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority.

L. Controller

The Controller shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of all external audits of the Authority.

M. Vice President - Internal Audits

There shall be a separate Office of Internal Audits which shall report to the Audit Committee and shall have such other powers and perform such other duties as customarily pertain to such officer and as may be assigned to it by the Chair[man] and the President and Chief Executive Officer. The Vice President of Internal Audits shall meet at least three times per year with the Audit Committee.

N. Succession – Absence or Vacancy of Office of President and Chief Executive Officer

In the event of the incapacity or absence of the President and Chief Executive Officer, the Chief Operating Officer shall perform the duties of President and Chief Executive Officer. If the office of Chief Operating Officer is vacant or the incumbent is absent, then the Executive Vice President and Chief Engineer – Power Supply shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer and Executive Vice President and Chief Engineer – Power Supply is vacant or the respective incumbents are absent, then the Executive Vice President – General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer, Executive Vice President and Chief Engineer – Power Supply and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President – Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V – Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Administrative Officer, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and such other officers as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, with the Chair[man]'s concurrence, to the Trustees. Any officer so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer.

The President and Chief Executive Officer, or in his absence or disability his designee, shall preside at Executive Management Committee meetings, which shall meet quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Audit Committee shall consist of three eligible Trustees ~~[and have oversight of such activities of the Authority as set forth in the Audit Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.]~~ **who shall be independent members. Members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Audit Committee and shall be familiar with corporate financial and accounting practices. It shall be the responsibility of the members of the Audit Committee to recommend to the Trustees the hiring of a certified independent accounting firm for the Authority; establish the compensation to be paid to the accounting firm; provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes; and perform such other responsibilities as the Trustees shall from time to time assign to it.**

Section 3. Governance Committee

The Governance Committee shall consist of three eligible Trustees ~~[, and have oversight of such activities of the Authority as set forth in the Governance Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.]~~ **who shall be independent members. Members of the Governance Committee shall possess the necessary skills to understand the duties and functions of the Governance Committee. It shall be the responsibility of the members of the Governance Committee to keep the Trustees informed of current best governance practices; review corporate governance trends; recommend updates to the Authority's corporate governance principles; advise appointing authorities on the skills and experiences required of potential Trustees; examine ethical and conflict of interest issues; perform Trustee self-evaluations; recommend by-laws which include rules and procedures for conduct of Trustee business; and perform such other responsibilities as the Trustees shall from time to time assign to it.**

Section 4. Finance Committee

The Finance Committee shall consist of three eligible Trustees who shall be independent members. Members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Finance Committee. It shall be the responsibility of the Finance Committee to review proposals for the issuance of debt by the Authority; and perform such other responsibilities as the Trustees shall from time to time assign to it.

Section [4] 5. Other Committees

The Trustees or the Chair[man] may committees which shall have and may exercise such powers as shall be authorized by the Trustees or by actions of the Chair[man] or President and Chief Executive Officer.

ARTICLE VI - Corporate Seal

Section 1. Seal

The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words "Power Authority of the State of New York" as shown by the following impression of such seal:



ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

The Trustees shall have the power to fix, and may, from time to time change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

Section 2. Strategic Plan

The Trustees shall annually review a strategic plan developed by the Executive Management Committee which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

Section 3. Annual Budgets

The Trustees shall annually adopt an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

Section 4. Capital Expenditure Plan

The Trustees shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

Section 5. Expenditure Authorization Procedures

The Trustees shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

Section 6. Disbursement of Funds

The Trustees, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Authority.

ARTICLE VIII - Execution of Instruments

Section 1. Execution of Instruments

The Trustees, except as otherwise provided in these By-laws, may authorize any officer, employee or agent pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE IX – Amendment

Section 1. Amendment

The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any regular or special meeting.

ARTICLE X – Miscellaneous

Section 1. Additional Appointments

The Chief Operating Officer shall appoint all regional managers and site executive officers. The Trustees may extend employment contracts to one or more officers of the Authority[,] in order to insure continuity of senior management.

Section 2. Annual Reports

The Trustees shall submit **and publish** an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the **Authority's** fiscal year. **The annual report shall be certified by the President and Chief Executive Officer and the Chief Financial Officer to the extent required by the Public Authorities Law. The annual report shall be accompanied by such other documents and information as the Public Authorities Law requires.**

Section 3. Defense and Indemnification of Trustees and Employees

The provisions of the Defense and Indemnification Policy ("Policy") of the Authority as amended and adopted on April 26, 1994, and the provisions of the resolution as amended and adopted by the Authority on April 26, 1994, conferring the benefits of Section 18 of the New York Public Officers Law ("POL § 18") on the Authority's Trustees and [E]employees and agreeing to be held liable for the costs thereof, shall constitute a contract between the Authority and each of its Trustees and [E]employees, as such persons are defined in the Policy, and the Authority agrees that the benefits thereof shall be made available to each Trustee or [E]employee with respect to any act or omission which has occurred or may in the future occur during the period such Policy and the resolution conferring the benefits of POL § 18 are in effect, and no amendment to such Policy or such resolution which

modifies the provisions thereof shall take effect with respect to any act or omission of a Trustee or [E]employee which occurred prior to the effective date of such amendment unless the effect of such amendment is to increase the defense and indemnification protection afforded to such Trustee or [E]employee prior to such effective date.

Section 4. Corporate Policies and Procedures

Unless otherwise provided by [statute] **law, regulation** or these By-laws, every officer or employee of the Authority shall be subject to the Authority's corporate policies and procedures as embodied in its corporate policies program.

Section 5. Disposal of Authority Property For Below Fair Market Value

The Trustees shall approve disposals of Authority property for less than fair market value and make such determinations regarding such disposals as the Public Authorities Law requires. Any request to the Trustees for such approval shall be accompanied by the information prescribed by the Public Authorities Law and such other information as the Trustees may require.

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

Statutory Authority
Public Authorities Law §1004

Originally Adopted.....	April 9, 1954,
and amended.....	July 28, 1954; September 28, 1956; May 1, 1961; December 19, 1966; July 1, 1968; April 27, 1978; November 28, 1978; October 31, 1979; December 18, 1984; January 22, 1985; October 29, 1985; April 29, 1986; February 28, 1989; February 22, 1994; April 26, 1994; August 29, 1995; December 17, 1996; September 11, 1997; December 15, 1998; October 26, 1999; November 28, 2000; April 30, 2002; February 28, 2006; April 28, 2006; April 24, 2007; October 30, 2007 October 28, 2008 February 24, 2009 December 15, 2009 January 26, 2010

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ARTICLE I – Offices

Section 1. Principal Office

The principal office of the Power Authority of the State of New York (hereinafter referred to as the "Authority") shall be its Albany, New York office.

Section 2. Other Offices

The Authority may also have offices at such other places as the Trustees may from time to time determine or the business of the Authority may require.

Section 3. Books and Records

Except as otherwise determined by the Trustees or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II – Trustees

Section 1. Number, Term, Appointment and Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the Public Authorities Law (hereinafter referred to as "Power Authority Act").

Section 2. Powers and Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act and other applicable provisions of the Public Authorities Law. To implement these powers and duties, the Trustees shall, among other things, oversee the Authority's chief executive and other management in the effective and ethical management of the Authority; understand, review and monitor financial, management and operational decisions of the Authority and to review and approve annually the policies and procedures governing: (i) the salary, (ii) compensation, (iii) benefits and (iv) time and attendance of the chief executive and management.

ARTICLE III - Trustees' Meetings

Section 1. Place of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate.

Section 2. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

Section 3. Regular Meetings

Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chair in consultation with the Trustees.

Section 4. Special Meetings

Special meetings of the Trustees may be called by the Chair or Vice Chair or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section 5. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees.

ARTICLE IV – Officers

Section 1. Officers

The statutory officers of the Authority shall be a Chair and a Vice Chair, whose offices are created by and named in Section 1004 of the Public Authorities Law and who shall be chosen from among the Trustees; the non-statutory officers of the Authority shall be a President and Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, an Executive Vice President and General Counsel, a Corporate Secretary, a Treasurer, a Controller, and such other officers as may be deemed necessary by the President and Chief Executive Officer to transact the business and exercise the general and special powers of the Authority, all of whom shall be employees of the Authority.

Section 2. Election and Appointment of Non-Statutory Officers

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President – and Chief Engineer – Power Supply, the Executive Vice President – Chief Administrative Officer, Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Corporate Secretary shall be elected by the Trustees and may be so elected at any annual, regular or special meeting of the Trustees. All other officers of the Authority shall be appointed by and serve at the pleasure of the President and Chief Executive Officer, except that the Vice President – Internal Audits shall be appointed by and serve at the pleasure of the Audit Committee.

Section 3. Term of Office

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Corporate Secretary, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Executive Vice President – Chief Administrative Officer shall each hold office until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.

Section 4. Vacancies

The Trustees may leave unfilled any office except those of Chair, Vice Chair, President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, or Corporate Secretary.

Section 5. Removal

Any officer elected by the Trustees or appointed pursuant to Section two herein shall be subject to removal at any time by the appointing authority with or without cause.

Section 6. Powers and Duties

A. Chair

The Chair shall preside at all meetings of the Trustees and shall on behalf of the Trustees oversee the Authority's chief executive and management in the effective and ethical management of the Authority. The Chair may appoint such assistants and employees as he or she may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chair may delegate to the Vice Chair, President and Chief Executive Officer, or other officer or officers such of the Chair's powers and functions in the general supervision of the business of the Authority to the extent such delegation is consistent with the Power Authority Act and other applicable provisions of law.

B. Vice Chair

The Vice Chair shall possess such powers and shall perform such duties as may be assigned to him from time to time by the Trustees. The Vice Chair shall be Acting Chair in the absence or incapacity of the Chair and shall assume the powers and perform all duties of the Chair if the Chair is unable to perform such duties for any reason. The Vice Chair, when acting in the capacity of Acting Chair under this section, may delegate the powers or duties of Chair to another Trustee or the President and Chief Executive Officer during the period of disability or incapacity of the Chair.

C. President and Chief Executive Officer

The President, when elected by the Trustees, shall be the Chief Executive Officer of the Authority and subject to such supervision as the Chair or the Trustees may from time to time exercise, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The President and Chief Executive Officer shall be responsible for developing and implementing the strategic vision and mission of the Authority and for the supervision of all of the Authority's operations. He or she shall have primary responsibility for the Authority's legal and financial matters and the activities of all other Authority business units, except those assigned to the Chief Operating Officer who shall report to the Chief Executive Officer on such matters. The President and Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

D. Chief Operating Officer

The Chief Operating Officer, when elected by the Trustees, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The Chief Operating Officer shall manage and monitor the day-to-day operations of the Authority and shall report on same to the President and Chief Executive Officer.

Except as may be prescribed by the Chair or the Trustees, the Chief Operating Officer shall have primary responsibility for the operation and maintenance of all of NYPA's generation and transmission facilities; energy resource management; generation and transmission planning and development; licensing and construction; technical and operational compliance; and environmental health and safety. The Chief Operating Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

E. Executive Vice President and Chief Engineer – Power Supply

The Executive Vice President and Chief Engineer – Power Supply shall be responsible for the safe, reliable and cost-effective operation and maintenance of all Authority generating and transmission facilities; all engineering, construction, maintenance and project management services and staff functions of business development and asset management, environmental health and safety, technical training and project development and licensing.

F. Executive Vice President and General Counsel

There shall be an Executive Vice President and General Counsel of the Authority, who shall report to both the Trustees and the President and Chief Executive Officer and be the chief legal officer of the Authority. In that capacity, he or she shall advise and represent the Authority generally in all legal matters and proceedings, including legislative proceedings, shall designate those employees who shall be eligible to accept service of process on behalf of the Authority and possess such powers and shall have general supervision over the property, business and affairs of the Office of the General Counsel. In addition, the Executive Vice President and General Counsel, together with the Chair and Board of Trustees, shall supervise and direct the activities of the Office of the Corporate Secretary and the Vice-President Labor Relations and Chief Ethics and Compliance Officer.

G. Executive Vice President – Chief Administrative Officer

The Executive Vice President – Chief Administrative Officer, shall supervise the Authority's procurement of goods and services, its real estate, fleet management and information technology operations and shall implement and manage its human resource policies.

H. Executive Vice President and Chief Financial Officer

The Executive Vice President and Chief Financial Officer shall supervise and direct the activities of the Business Services Division, give advice to the President and Chief Executive Officer regarding financial and investment policies of the Authority, supervise the Authority's investment program, recommend and implement financial policies of the Authority, participate in the preparation of the financial reports of the Authority required by applicable law.

I. Executive Vice President – Energy Marketing and Business Development

The Executive Vice President – Energy Marketing and Business Development shall manage and direct the Authority's client-based programs, its economic development, energy services and technology, and power resource planning and acquisition activities and the development of new products and programs.

J. Corporate Secretary

The Corporate Secretary shall report to the Chair and Board of Trustees and to the Executive Vice President and General Counsel and attend all meetings of the Trustees and record all votes and shall keep a record of the proceedings of the Trustees in a Minute Book to be kept for that purpose. The Corporate Secretary shall cause

notice to be given of all meetings of the Trustees and shall be custodian of the records of the actions of the Trustees and shall keep in safe custody the seal of the Authority and shall have the authority to affix such seal to all documents and papers authorized to be executed by the Trustees or officers of the Authority requiring such seal to be affixed. The Corporate Secretary shall attest to the signatures of the Trustees and officers of the Authority and shall have the authority to cause copies to be made of all minutes, resolutions, records and documents of the Authority and to deliver certificates under seal to the effect that such copies are true and accurate and that all persons dealing with the Authority may rely on same.

K. Treasurer

The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the President and Chief Executive Officer, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority.

L. Controller

The Controller shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of all external audits of the Authority.

M. Vice President - Internal Audits

There shall be a separate Office of Internal Audits which shall report to the Audit Committee and shall have such other powers and perform such other duties as customarily pertain to such officer and as may be assigned to it by the Chair and the President and Chief Executive Officer. The Vice President of Internal Audits shall meet at least three times per year with the Audit Committee.

N. Succession – Absence or Vacancy of Office of President and Chief Executive Officer

In the event of the incapacity or absence of the President and Chief Executive Officer, the Chief Operating Officer shall perform the duties of President and Chief Executive Officer. If the office of Chief Operating Officer is vacant or the incumbent is absent, then the Executive Vice President and Chief Engineer – Power Supply shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer and Executive Vice President and Chief Engineer – Power Supply is vacant or the respective incumbents are absent, then the Executive Vice President – General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer, Executive Vice President and Chief Engineer – Power Supply and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President – Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V – Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Administrative Officer, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and such other officers as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall

periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, with the Chair's concurrence, to the Trustees. Any officer so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer.

The President and Chief Executive Officer, or in his absence or disability his designee, shall preside at Executive Management Committee meetings, which shall meet quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Audit Committee shall consist of three eligible Trustees who shall be independent members. Members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Audit Committee and shall be familiar with corporate financial and accounting practices. It shall be the responsibility of the members of the Audit Committee to recommend to the Trustees the hiring of a certified independent accounting firm for the Authority; establish the compensation to be paid to the accounting firm; provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes; and perform such other responsibilities as the Trustees shall from time to time assign to it.

Section 3. Governance Committee

The Governance Committee shall consist of three eligible Trustees who shall be independent members. Members of the Governance Committee shall possess the necessary skills to understand the duties and functions of the Governance Committee. It shall be the responsibility of the members of the Governance Committee to keep the Trustees informed of current best governance practices; review corporate governance trends; recommend updates to the Authority's corporate governance principles; advise appointing authorities on the skills and experiences required of potential Trustees; examine ethical and conflict of interest issues; perform Trustee self-evaluations; recommend by-laws which include rules and procedures for conduct of Trustee business; and perform such other responsibilities as the Trustees shall from time to time assign to it.

Section 4. Finance Committee

The Finance Committee shall consist of three eligible Trustees who shall be independent members. Members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Finance Committee. It shall be the responsibility of the Finance Committee to review proposals for the issuance of debt by the Authority; and perform such other responsibilities as the Trustees shall from time to time assign to it.

Section 5. Other Committees

The Trustees or the Chair may appoint other committees which shall have and may exercise such powers as shall be authorized by the Trustees or by actions of the Chair or President and Chief Executive Officer.

ARTICLE VI - Corporate Seal

Section 1. Seal

The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words "Power Authority of the State of New York" as shown by the following impression of such seal:



ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

The Trustees shall have the power to fix, and may, from time to time change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

Section 2. Strategic Plan

The Trustees shall annually review a strategic plan developed by the Executive Management Committee which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

Section 3. Annual Budgets

The Trustees shall annually adopt an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

Section 4. Capital Expenditure Plan

The Trustees shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

Section 5. Expenditure Authorization Procedures

The Trustees shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

Section 6. Disbursement of Funds

The Trustees, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Authority.

ARTICLE VIII - Execution of Instruments

Section 1. Execution of Instruments

The Trustees, except as otherwise provided in these By-laws, may authorize any officer, employee or agent pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE IX – Amendment

Section 1. Amendment

The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any regular or special meeting.

ARTICLE X – Miscellaneous

Section 1. Additional Appointments

The Chief Operating Officer shall appoint all regional managers and site executive officers. The Trustees may extend employment contracts to one or more officers of the Authority in order to insure continuity of senior management.

Section 2. Annual Reports

The Trustees shall submit and publish an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the Authority's fiscal year. The annual report shall be certified by the President and Chief Executive Officer and the Chief Financial Officer to the extent required by the Public Authorities Law. The annual report shall be accompanied by such other documents and information as the Public Authorities Law requires.

Section 3. Defense and Indemnification of Trustees and Employees

The provisions of the Defense and Indemnification Policy ("Policy") of the Authority as amended and adopted on April 26, 1994, and the provisions of the resolution as amended and adopted by the Authority on April 26, 1994, conferring the benefits of Section 18 of the New York Public Officers Law ("POL § 18") on the Authority's Trustees and employees and agreeing to be held liable for the costs thereof, shall constitute a contract between the Authority and each of its Trustees and employees, as such persons are defined in the Policy, and the Authority agrees that the benefits thereof shall be made available to each Trustee or employee with respect to any act or omission which has occurred or may in the future occur during the period such Policy and the resolution conferring the benefits of POL § 18 are in effect, and no amendment to such Policy or such resolution which modifies the provisions thereof shall take effect with respect to any act or omission of a Trustee or employee which occurred prior to the effective date of such amendment unless the effect of such amendment is to increase the defense and indemnification protection afforded to such Trustee or employee prior to such effective date.

Section 4. Corporate Policies and Procedures

Unless otherwise provided by law, regulation or these By-laws, every officer or employee of the Authority shall be subject to the Authority's corporate policies and procedures as embodied in its corporate policies program.

Section 5. Disposal of Authority Property For Below Fair Market Value

The Trustees shall approve disposals of Authority property for less than fair market value and make such determinations regarding such disposals as the Public Authorities Law requires. Any request to the Trustees for such approval shall be accompanied by the information prescribed by the Public Authorities Law and such other information as the Trustees may require.

10. **Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, February 23, 2010, at 11:00 a.m. at the Authority's New York Office, 501 7th Avenue, New York**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion made and seconded, the meeting was adjourned by the Chairman at approximately 2:10 p.m.

A handwritten signature in black ink, appearing to read "Karen Delince". The signature is fluid and cursive, with a large initial "K" and "D".

Karen Delince
Corporate Secretary